Cabinet Agenda

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Date: 2 February 2012
Website: www.whitehorsedc.gov.uk

Vale of White Horse District Council

A meeting of the

Cabinet

will be held on Friday 10 February 2012 at 2.00pm
The Abbey House, Abingdon, OX14 3JE

Cabinet Members:

Councillors
Matthew Barber (Chairman)
Roger Cox (Vice-Chairman)
Yvonne Constance
Reg Waite
Elaine Ware

A large print version of this agenda is available. In addition any background papers referred to may be inspected by prior arrangement.

Please note that this meeting will be held in a wheelchair accessible venue. If you would like to attend and have any special access requirements, please let the Democratic Services Officers know beforehand and they will do their very best to meet your requirements.

M J Reed

Margaret Reed
Head of Legal and Democratic Services

Members are reminded of the provisions contained in the code of conduct adopted on 30 September 2007 and standing order 34 regarding the declaration of personal and prejudicial interests.

Agenda

Open to the Public including the Press

Map and vision
(Page 4)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

1. Apologies for absence

To receive apologies for absence.

2. Minutes

To adopt and sign as a correct record the public minutes of the Cabinet meeting held on 9 December 2011 (previously published).

3. Declarations of interest

To receive any declarations of personal or personal and prejudicial interests in respect of items on the agenda for this meeting.

4. Urgent business and chairman's announcements

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

5. Statements, petitions, and questions relating to matters affecting the Cabinet

Any statements, petitions, and questions from the public under standing order 32 will be made or presented at the meeting.

6. Budget virement requests
(Pages 5 - 6)

Appended to the agenda is a schedule of requests for virements. Table 1 sets out virement requests for approval by Cabinet. Table 2 sets out virements approved under delegated authority by the strategic director.

RECOMMENDATION: To approve the virements set out in table 1 of the paper attached to the agenda.

7. Budget monitoring quarter 3

(Pages 7 - 14)

To consider report 68/11 of the head of finance.

8. Treasury management strategy - half-year review 2011/12

(Pages 15 - 21)

To consider report 62/11 of the head of finance.

9. Treasury management strategy

(Pages 22 - 40)

To consider report 63/11 of the head of finance.

10. Budget 2012/13

(Pages 41 - 81)

To consider report 69/11 of the head of finance.

11. Corporate plan 2012-2016

(Pages 82 - 101)

To consider report 70/11 of the head of corporate strategy.

12. Review of waste policy

(Pages 102 - 108)

To consider report 71/11 of the head of corporate strategy.

13. Accept agency powers from South Oxfordshire District Council for the operation of Rye Farm and Hales Meadow car parks by the Vale of White Horse District Council

(Pages 109 - 116)

To consider report 72/11 of the head of economic, leisure and property.

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

None

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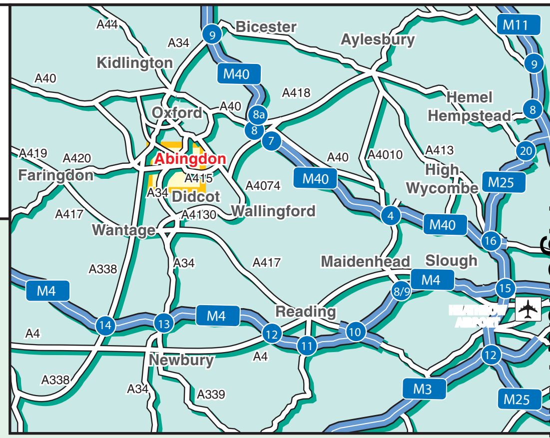

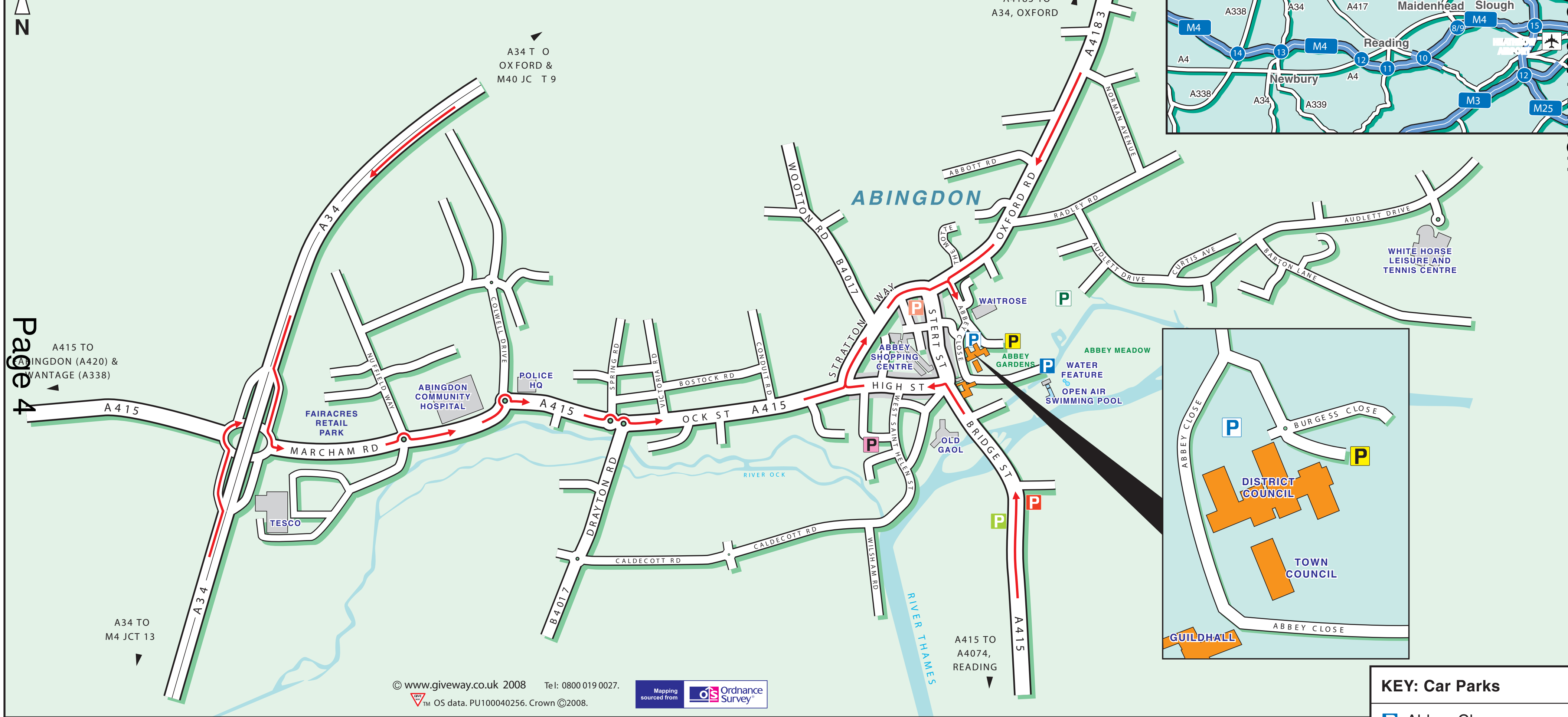

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By rail – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit www.nationalrail.co.uk or call 08457 484950

By bus – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council's website at www.oxfordshire.gov.uk. Contact details for bus operators can be found on the travel information pages on our website www.whitehorsedc.gov.uk

Parking – details of car parks charges can be found on our website

KEY: Car Parks

- P Abbey Close
- P Cattle Market
- P Charter Multi-storey
- P Civic
- P Rye Farm
- P Hales Meadow
- P Audlett Drive
- P West St Helen Street

Budget Virement requests received at 25 January 2012
for Cabinet Approval (or noting where approved under Delegated Powers)

Table 1 in this report identifies all budget virements that must be authorised by Cabinet and reported to Council. Table 2 lists those budget virements which have been approved under delegated powers and which are reported to Cabinet for information only.

Budget virements do not increase the council's expenditure. The list includes a number of virements at a detailed level. This is to ensure that, wherever feasible, budget variances on day-to-day expenditure and income do not arise and that the real budget pressures and potential underspends can be correctly identified.

Key to Type
1 Within a subjective heading within a cost centre
2 Within a Cost Centre but across subjective headings
3 Within the cost centres of a service area
4 Across service areas
5 Over £10,000

Table 1 - Virements for Approval by Cabinet

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
21/12/2011	4700	DS12	Flood Grants	2000	PS11	Land Drainage	2,500	11.6%	A surface water pipe at Arthur Evans Close, Wootton, is in urgent need of repair to prevent flooding between Arthur Evans Close and Berrymere Road. A CCTV survey has highlighted several defects and to rectify the problems, remedial works estimated in the region of £2,500 are required. These works consist of removing a large tree root and damaged pipe with the construction of a new manhole together with high pressure jetting of the pipe to remove significant silt accumulations. The pipe is the Vale Council's responsibility however, there is no budget available in the flood prevention cost centre (PS11) to fund the work. It is proposed to use part of the budget set aside for flood grants to fund this urgent work.	3
25/01/2012	9027	CG21	Progress Through Partnership	4400	CG21	Progress Through Partnership	23,190	n/a	To create matching income and expenditure budget for additional one-off Performance Reward Grant (LAA) funding from Oxfordshire County Council.	5
						Total Virements	**25,690**			

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type

Summary	
Total Type 1	0
Total Type 2	0
Total Type 3	2,500
Total Type 4	0
Total Type 5	23,190
Total	**25,690**

Table 2 - Virements approved under Delegated Powers for noting

20/12/2011	1100	EP41	Food Safety	4400	EP42	Health & Safety	1,400	1.2%	The fees and hired services budget in the Health & Safety cost centre in Environmental Health picks up the cost of statutory funerals when a person dies without any known relatives. The purpose of this virement request is to move budget from an expected underspend on agency staff to cover these costs.	3
						Total Virements	**1,400**			

Summary	
Total Type 1	0
Total Type 2	0
Total Type 3	1,400
Total Type 4	0
Total Type 5	0
Total	**1,400**

Cabinet Report

Vale of White Horse District Council

REPORT NO

68/11

Report of Head of Finance

Author: Bob Watson, Chief Accountant

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Wards affected: All

Cabinet member responsible: Matthew Barber

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To: Cabinet

Date: 27 January 2012

Budget Monitoring – Quarter 3

Recommendation

To note the current position and forecast of outturn by the services.

Purpose of report

1. The report details the current revenue and capital expenditure position for the third quarter of financial year (fy) 2011/12. The report is submitted to the cabinet to assist it in fulfilling its service delivery and budget management roles.

Strategic objectives

2. The Council has a strategic objective to manage the business effectively, provide value for money services that meet the needs of our residents and service users and communicate the Council's activities and achievements. This report seeks to inform the committee of the current position of the council with regard to budget, expenditure to date, committed expenditure and the forecasted year-end outturn. The report also highlights where there are budget pressures and potential under-spends, with the reasons for these.

3. Both the revenue and capital positions to date and the forecasted outturn position are covered in this report. The budget is as set by council and includes approved virements to date; actual income and expenditure figures are derived from the Council's general ledger system and the predicted outturn with explanation of variances are provided by the budget holders within the service areas.

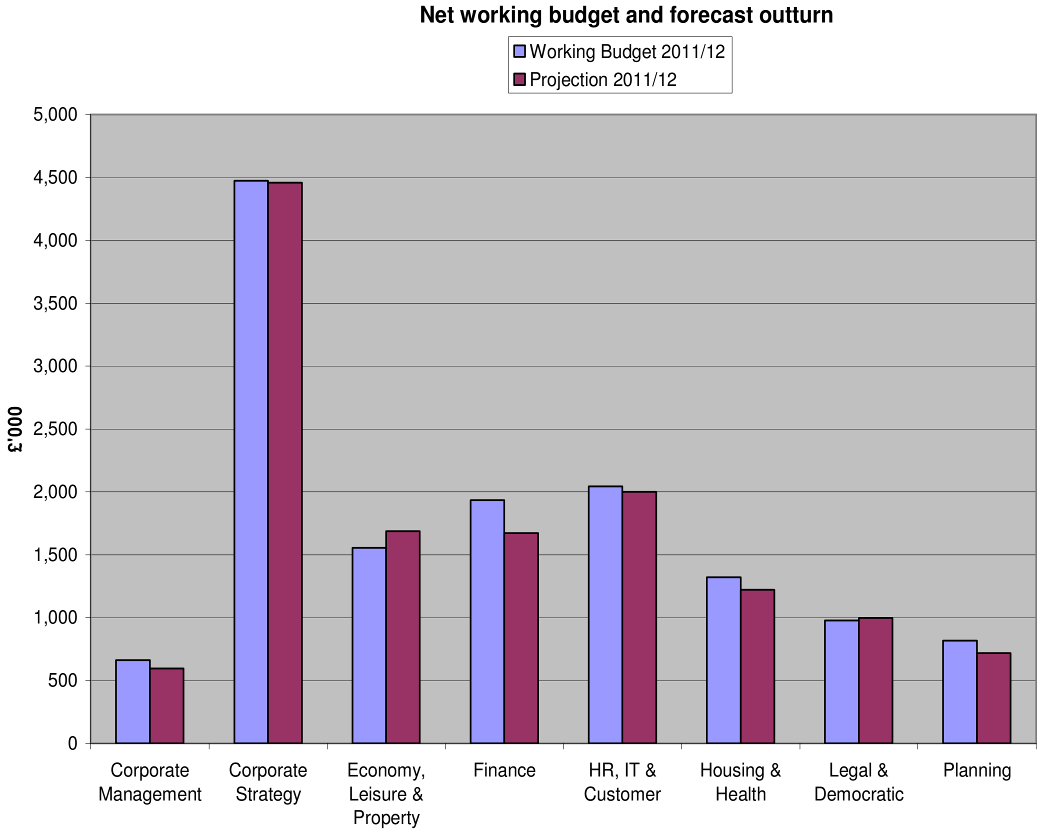
Revenue budget monitoring report

4. Budget monitoring for the third quarter of 2011/12 (1 Oct – 31 Dec) indicates that, at the date of this report, the Council is predicting an under spend of £47,974 by year end. Qtr 2 was predicting a pressure on budgets of £132,188.

5. Service areas are reporting a net predicted under spend of £432,488, but there is £384,514 of 'below the line' pressure, which relates to contingency and property investment income. Contingency is predicted to be £289,464 over budget. £162,000 of this is due to the additional income on planning fees not being achieved due to delays in the approval of the scheme from central government. Also, the capital programme contained a scheme for transferring ownership of Manor Park, Wantage which would have generated £50,000 ongoing revenue savings is now not expected to progress. In addition to this, contingency includes budget corrections to service budgets and recharge allocations. Property income is also less than budgeted due to rent starting to be received later than anticipated for Telfer House and increased costs.

Table 1 – Outturn forecast by service area as at 31 December 2011
(all figures in £'000)

	Working budget	Actuals & commitments	Year end projection Q3	Year end variance
Corporate strategy	4,472	3,317	4,458	(14)
Economy, leisure & property	1,556	1,068	1,686	130
Finance	1,324	3,396	1,151	(173)
HR, IT & customer	2,041	1,466	2,000	(41)
Housing & health	1,321	803	1,223	(98)
Legal & democratic	979	615	997	18
Planning	816	484	718	(98)
Corporate management	661	782	595	(66)
	13,170	**11,931**	**12,828**	**(342)**
Below the line				
Contingency	(42)	0	247	289
Property income	(2,074)	(1,334)	(1,979)	95
Pension deficit recovery	610	347	520	(90)
Total	**11,664**	**10,944**	**11,616**	**(48)**



6. The main variances within the individual service areas are highlighted in the table below, which shows the variance against the gross expenditure and income budget lines within the services. These explanations are edited from those provided by budget holders in their budget monitoring reports and from the meetings held with their service accountants. Significant elements of the savings are a direct result of cost reduction measures being implemented.

Table 2 – Detail by service area of main variances

	£000
Corporate strategy	
Expenditure	
Higher than expected bonus payment to Biffa due to over achieving recycling targets. This is partly offset by savings within Corporate Communications on printing and external advertising.	240
Income	
An over achievement on recycling targets and garden waste scheme has resulted in Increased recycling credits income.	(254)
	(14)

Economy, leisure and property	
Expenditure	
Unbudgeted costs of service restructuring mostly offset by savings made of vacant posts within the Car Parks section	6
Income	
The majority of the under achievement relates to two areas, car parking and Civic Hall. Car parks is predicted to be £80k under budget due to the introduction of two hours free parking from December 2011. There is a predicted £24k under-achievement in income at the Civic Hall, and also £20k under-achievement in Civic Hall bar income.	124
	130
Finance	
Expenditure	
Main variance due to net increased expenditure on housing and council tax benefits (now estimated at £824k), although this is offset below by increased related subsidy income receivable, and some other major expenditure variances. These include savings estimated on the Capita contract due to lower than budgeted sharing arrangement of additional benefits admin grant, inflationary savings and reduction in costs due to contract extension.	787
Income	
Variance is mainly a result of increased subsidy receivable for housing and council tax benefits due to a rise in related expenditure. (The predicted net benefits underspend is a reversal of the Q2 prediction)	(950)
	(173)
HR, IT & customer	
Expenditure	
£30k relates to savings on staff costs due to vacancies within property data, IT operations, and employee relations. The majority of the remaining predicted saving relates to numerous small savings within individual cost centres such as mapping service and medical examinations.	(60)
Income	
The main variance relates to the recharge income on MFD's although it is netted off against reduced expenditure.	19
	(41)

Housing & health	
Expenditure	
Reduction in net expenditure due to a range of variances, including part year vacancy savings, reduced spend on equipment purchase and maintenance and consultants costs. Costs of nightly paid accommodation are also below budget, although these are exceeded by increase in costs of temporary accommodation partly funded through Benefits.	(18)
Income	
Increased temporary accommodation subsidy income related to a rise in costs of Benefits (as mentioned above)	(80)
	(98)
Legal & democratic	
Expenditure	
-	2
Income	
Under-recovery of income in taxi licensing (due to the issue of 3 year licences), and parliamentary and European elections income received in the prior financial year are partly offset by over-recovery on income for land charges, due to a greater number of searches; and higher than expected income on the legal service.	16
	18
Planning (adjusted for Building Control ringfenced account)	
Expenditure	
Work on the Core Strategy has progressed more slowly than anticipated, with a £71k underspend now forecast. Other underspends relate to vacancies in Central Planning and Development Policy. In addition, a number of sundry overspends reduce the overall gross savings as shown here.	(100)
Income	
-	2
	(98)
Corporate management	
Expenditure	
Savings of £15k relate to revised external audit fees, and £13k savings on restructure costs. The remaining predicted variance relates to a vacant PA's post.	(64)

Income	
-	(2)
	(66)
Contingency	
Contingency is split into two pots – "earmarked" contingency funds to be allocated pending confirmation of their requirements (ie: budgeted amounts for which the actual details are still to be firmed up) and an 'unallocated' amount for unexpected pressures on budgets (not requiring a supplementary budget estimate). The forecast includes a pressure on the former of these pots and it is currently presumed that the unallocated contingency is fully utilised in year. The "earmarked" contingency budget assumed £162k of increased income due to the ability to increase planning fees, however delays in approval from central government prevent this. The "earmarked" budget also included £50k revenue saving as a result of the capital scheme for Manor Park - this now looks unlikely to happen – see paragraph 8 below. In addition, contingency balances show the effect of corrections to service budgets and changes in recharge allocations with South Oxfordshire District Council	**289**
Below the line	
Property trading income – Telfer House now let but rent is not payable until later in the year than previously budgeted for. There has also been an increase in rent arrears, fees relating to re-lets and rent reviews and an increase in the provision for bad debts.	95
The Oxfordshire County Pension Fund has confirmed the actual payments due from the council to offset the council's proportion of the actuarial deficit on the pension fund are less than previously budgeted which will result in a year-end saving.	(90)
Current under spend against budget predicted in year	**(48)**

7. The outsourcing of the payroll service is planned for February 2012 as a consequence in-year savings will not cover one-off costs as anticipated. The costs of redundancy are built into the figures above, but there is also likely to be a hidden pension cost of £9,819. Annual savings of £40,730 (at each council) will be realised from 1 April 2012. The management initiative to invite staff to volunteer for redundancy/early retirement requires a sound business case requiring net savings, however an upfront overspend may arise.

Capital budget monitoring report

8. The capital programme expenditure budget was agreed for the year at £5,176,917 and £24,212 of community safety partnership grants entirely funded from grant income has been added. £636,761 was unspent in 2010/11 and has been carried over to the current year giving a total budget in 2011/12 of £5,837,890. Wantage Town Council resolved in June 2011 to withdraw from negotiations to take over responsibility for Manor Road Memorial Park and also to stop the scheme for altering the layout of the Market Place, so grants of £525,000 and £250,000 included in the programme will not now be paid. This gives a 'working' budget of £5,062,890.

9. Expenditure to the end of December amounted to £2,292,586 (45% of the 'working' budget) but this includes the £1.2 million capital grant paid to Abingdon Town Council at the beginning of the year on the transfer of the Guildhall. A complete review of the programme was carried out in the quarter. Some slippage into 2012/13 has been reported; the major items are:

   - only £100,000 of the £840,000 budget for YA18 - Development of additional plots at the mobile homes park is likely to be spent in 2011/12 due to the complexities of specifying and tendering the work.

   - some expenditure on Flood Prevention work – YA01, has been deferred because bids for grant from the Environment Agency have not been agreed, or delayed due to the complexities of co-ordinating the work with other agencies and dealing with land owners.

   - a £300,000 grant to works at Abingdon Museum which was profiled in 2011/12 and 2012/13 has all been paid over in the current year.

10. The capital account for domestic waste bin purchases will be overspent by approximately £40,000. This is because a requirement for additional brown bins has arisen due to the expected expansion of the garden waste. The council has stocks of green and grey bins, but not brown bins

11. The Council remains within the confines of its prudential indicators for borrowing and lending as specified in the 'yellow pages' agreed by Council in February 2011. The Council has not had to borrow for cash flow reasons during the quarter.

Financial Implications

12. Any variance in the outturn position from the budget will have an impact on the council's level of reserves.

Legal Implications

13. This is an information report and there are no legal implications.

Risks

14. Failure to manage budgets on a regular and adequate basis, and take appropriate action where necessary, could lead to a greater call on the council's reserve balances than were originally anticipated in the Medium Term Financial Plan (MTFP).

Other implications

15. Any change in the planned reserve levels in the MTFP could affect future budgets.

Conclusion

16. The current revenue outturn prediction is £47,974 underspend (-0.4% of net budget). The revised capital programme will form part of the Council budget papers on 22 February 2012.

Background Papers

- Executive Budget Proposal 2011/12 approved by Council on 23 February 2011.

Report to:

Audit & Governance Committee
Cabinet

Report of Head of Finance

Report no. 62/11

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Wards affected: all

Cabinet member responsible: Councillor Matthew Barber

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To:	AUDIT & GOVERNANCE COMMITTEE on	18 January 2012
	CABINET on	10 February 2012

Treasury management mid-year monitoring report 2011/12

Recommendations

That Audit and Governance Committee:

1. *notes the treasury management mid year monitoring report 2011/12, and*

2. *is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.*

That Cabinet:

Considers any comments from Audit & Governance Committee and recommends council to note the report.

Purpose of report

1. The report fulfils the legislative requirements to ensure adequate monitoring of the treasury management activities and that the council's prudential indicators are reported to council in year. The report provides details of treasury activities for the first six months of

2011/12, provides an update on the current economic conditions affecting treasury management decisions and looks ahead at the activities for the remainder of the year.

Strategic objectives

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

Background

3. Part one of the Local Government Act 2003 introduced the *Prudential Code for Capital* Finance *in Local Authorities*, under which local authorities are required to comply with the *CIPFA Code of Practice on Treasury Management in the Public Services*. This code was revised in December 2009, and introduced a requirement to provide a report during the year on treasury activity for the period April to September.

4. The 2011/12 to 2013/14 treasury management strategy was approved by council on 23 February 2011. It outlined the expected prudential indicators for 2011/12 and set out the expected treasury management operations for the period. This report should be read alongside the 2011/12 Strategy and provides details on the economic issues and interest rate movements for the first six months of 2011/12, together with information on the treasury activity and performance against prudential indicators and benchmarks set for the year.

Treasury management advisers

5. Together with South Oxfordshire District Council, we appointed Butlers, a business division of ICAP Securities Ltd, as our treasury advisors in July 2008. We awarded a three year contract to July 2011. In October 2010, ICAP transferred Butlers to Sector Treasury Services Ltd and assigned the contract as allowed under the original agreement.

6. In July 2011 the contract was extended for three months whilst the contract was re-tendered and Sector were awarded the contract for three years from October 2011. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the council.

7. Sector's services include the provision of credit rating information; strategic advice, including a review of the investment and borrowing strategies and policy documents; advice to assist the council to formulate a view on interest rates; performance indicators; and fund management performance monitoring.

Economic conditions

8. The Euro zone sovereign debt crisis is continuing and the lack of a co-ordinated or credible response has left commentators concerned over the potential impact of sovereign default and resulting effect on the Euro zone banking sector. The approval by various countries of the €440bn bail out fund in September has brought temporary relief to financial markets but this does not provide a realistic remedy to the scale of the Greek debt problem or the sheer magnitude of the potential needs of other countries for support.

9. This, coupled with political difficulties in the US over their plans to address the budget deficit, the size and control over the US sovereign debt, and the subsequent loss of the AAA credit rating from Standard and Poor's, has led to a much more difficult and uncertain outlook for the world economy.

10. Growth in the US, UK and the euro zone has been lower than original Government predictions and future growth forecasts have also been revised downwards. There is major disagreement amongst politicians and economists on what the appropriate policy should be. The potential for serious policy errors is substantial given the many uncertainties in the economic and financial outlook.

11. Following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.1% in the first quarter of 2011/12. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. Higher VAT, overhanging debt, high inflation and concerns over employment are likely to weigh heavily on consumers into the future. The Bank of England Monetary Policy Committee (MPC) now views recession as being a much bigger concern than inflation.

12. **Outlook**

There remain huge uncertainties in economic forecasts due to the following major factors:

- the increase in risk that the UK, US and EU could fall into recession;
- the likely political gridlock in the US preventing significant government fiscal action to boost growth ahead of the Presidential elections in November 2012;
- the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economies;
- the degree to which government austerity programmes will dampen economic growth;
- the potential for further quantitative easing, and the timing of this in both the UK and US;
- the speed of recovery of banks' profitability and balance sheet imbalances and the risk of substantial losses being incurred on EU sovereign debt;

Sector expect low growth in the UK to continue, with a low Bank Rate to continue for at least 24 months, coupled with a possible further extension of quantitative easing. This will keep investment returns depressed.

13. The economic environment remains difficult and concerns over investment counterparty risk mean that the council continues to restrict itself to short term investments with high quality counterparties. This means that investment returns remain very low.

Icelandic banks – Landsbanki

14. The council had an investment of £1 million (plus interest due of £4,890) with the failed Icelandic bank Landsbanki Islands hf. There have been no repayments to date. On 1 April 2011 the Reykjavik District Court confirmed the view of the Landsbanki Winding-up Board that local authority fixed-term deposit claims should be accorded priority status under Icelandic bankruptcy legislation and the appeal by other creditors has been rejected. This judgement now has to be extended from the test cases to all depositors in the group action. On this basis the estimated recoverable amount has remained the same at 94.85% although repayments will be received in stages up to 2018. The Board is preparing to make the first repayments very soon.

Current investments

15. The council's investments at 30 September 2011 were as follows (not including that with Landsbanki as above):

Cash deposits at 30 Sept. 2011, maturity period,	Total £'000	% holding
Money market fund (Instant access)	740	9%

Call account (instant access)	1,825	21%
Up to 1 week	--	
1 – 4 weeks	--	
1 – 2 months	1,500	17%
2 – 6 months	--	
6 months to 1 year	4,500	53%
Total in-house investments	8,565	100%
Investec Asset Management (see below)	13,603	

(maturity periods refer to time remaining to end of term).

16. The council currently holds all of its cash investments in the form of cash deposits which have been placed for fixed terms with a fixed investment return. During the first half-year investments have been made with three building societies and five banks. Of the in-house investments at 30 September, £0.74 m (9%) was with a Money Market Fund and £7.825 m (91%) was with UK banks as follows:

Cash deposits at 30 Sept. 2011		Amount £'000
Banks	Lloyds TSB Bank plc Cater Allen Ltd Santander UK plc	4,000 2,000 1,825
Money Market Fund	Goldman Sachs Asset Management	740
	Total	8,565

17. Some of the council's cash is held by a fund manager, Investec Asset Management, who is allowed to use a wider range of investments, such as certificates of deposit (CDs - fixed term securities issued by financial institutions) and Government stock (also known as gilts and similar to CDs but issued by the Treasury) which can be traded and whose value fluctuates as interest rates move and the maturity date approaches. Some of these investments could have nominal maturities of up to five years, however, from the council's point of view this whole sum can be regarded as almost instant access since the fund manager operates in such a way, and deals with sufficient volumes, that he could repay our holding at short notice if required although this could mean a reduced return in some circumstances.

18. The council's total investments shown above at 30 September exceed the total cash-backed reserves and balances in the accounts. This is because council tax and non-domestic rate income is received earlier in the year than the dates it has to be paid over to precepting authorities or the government.

19. Interest earned in-house in the first six months of the year totalled £62,470 on an average balance of £10.948 m. This equates to an annual rate of 1.14%. Investec made £167,717 before fees on £15.247 m, equivalent to an annual rate of 2.2% (2.02% after fees). The benchmark for the period (7 day LIBID) was equivalent to an annual rate of 0.54%. Income to the fund is irregular. Some is interest but some comes from buying and selling. The fund manager says that he actually looking at a 3 year time frame. Profit was taken in the period on a holding of index-linked stock and the fund manager does not expect to maintain that rate of return over the whole year. He has predicted making between 1.45% and 1.55% in the whole year.

Cash deposits

20. It has been difficult to place investments during the first six months of the year due to the volatility of the markets. There has been a raft of credit rating changes since April 2011 following the events in US and Europe.

21. The market has been expecting rates to rise next year so we have been looking for opportunities to extend the deposit periods with top quality counter parties. This has been achieved to an extent in the first six months and the weighted average maturity period of investments at 30 September was 176 days.

Interest rate movements

22. UK short-term interest rates have fluctuated within a very narrow range during the first six months of the financial year. The Bank of England base rate has remained at 0.5%, whilst inflation has been above target. Long-term interest rates peaked in the April, but have remained low for the last six months as investors seek security in government bonds. This has kept interest rates low for investments.

23. Investment rates have remained quite flat with a range between 0.50 percent to around 1.5 percent for up to a year's maturity. The short term rates from one month to six months offer very little differential with six month rates ranging between 0.70 percent and 1.20 percent.

24. At the start of the year, market expectations were that the MPC would need to raise interest rates to counter the effects of price increases in fuel and food. The MPC have been reluctant to raise rates as their view is that as growth in the economy slows, the rate of inflation will also fall back to their target of 2%. Over the last six months the economy has showed signs of reducing growth. Weak consumer growth, job uncertainty and a desire to reduce personal debt are key factors affecting expenditure growth. The MPC's latest decision to try boosting the available credit with further quantitive easing (QE) of £75 billion, will postpone a rate rise which is now not expected before September 2013.

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

Medium term interest rate estimates (mid year)

	Base rate	Estimated earnings rates for investments up to 3 months duration	PWLB rates (borrowing)		
			5 yr	10 yr	50 yr
2011/12	0.50%	0.70%	2.30%	3.30%	4.30%
2012/13	0.50%	0.70%	2.30%	3.40%	4.40%
2013/14	0.75%	1.00%	2.70%	3.70%	4.70%
2014/15	2.00%	1.60%	3.30%	4.40%	5.10%

Performance

26. Security of investments will always take precedence over returns but in order to assess and monitor the council's investment performance the treasury management strategy benchmarks returns against (average, uncompounded) 7 day LIBID (the rate at which banks lend to each other) and, for the fund manager, the average performance of comparable funds – net of fees. These indicators are now provided by Sector.

Investment returns half year to 30 September 2011

All rates annual equivalent	Actual return	Benchmark return	Above benchmark	Benchmark used
In house team	1.14%	0.47%	0.67%	7 day LIBID
Investec Asset Management	2.02% 2.02%	0.52% 1.54%	1.50% 0.48%	110% 7 day LIBID industry average

Treasury management limits on activity

27. In accordance with the statutory guidance and codes of practice the annual strategy contains targets for benchmarks relating to security and liquidity. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. They are aimed at large authorities with much more extensive treasury operations than the Vale. At 30 September this authority had no variable rate investments, no sums invested for more than one year and no borrowing, fixed or variable. The limits are shown below:

Liquidity and yield

28. The current position against the original benchmarks approved in February 2011 is:

	Target*	April – Sept 2011
Bank overdraft – average amount	£nil	£nil
Number of days when £0.5 million not available next day if needed.	none	none
Weighted average life of investments - maximum - average	 182 days 21 days	 204 days 87 days

*In the case of weighted average life of investments this is more an indicative figure and based on past experience. In the current challenging environment the in-house team has managed to find value by making some longer term investments with good quality counter parties. This has pushed the average up. There have been no investments made outside of the limits set by the Annual Investment Strategy.

Credit risk - security

29. Credit risk arises from deposits with banks and financial institutions, as well as exposure to the council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements set out in the Annual Investment Strategy. Investments with very good quality counterparties would be allowed for up to three years and it is possible, using historic default tables, to calculate an average risk of default as a percentage of the portfolio for annual periods up to three years. (The Code envisages a much greater portfolio and looks for credit risk exposure up to 5 years). At 30 September all the authority's investments were for less than a year.

Debt activity during 2011/12

30. The council does not have any long term debt and current policy is not to borrow to fund capital expenditure. The Treasury Management Strategy sets a limit on borrowing of £5 million to provide the scope and flexibility for the council to cope with any temporary cash shortage. During the first half year 2011-12 the authority borrowed £2 million for 34 days at 0.27%.

Recommended changes to the treasury management strategy

31. Council approved the 2011/12 treasury management strategy on 23 February 2011 and there is no recommendation from officers for any changes to the strategy at this time.

Financial implications

32. This time last year forecasts were that inflationary pressures would mean that interest rates would have to start rising towards the end of 2011. This hasn't happened and the current outlook for growth for the UK economy means that financial institutions are not lending and interest rates are very low and likely to remain so. Good performance by the in-house team and the fund manager means that the out-turn for 2011-12 should be close to the budget but the estimated investment income going forward will be less than expected and this will be reflected in the council's medium term financial plan (mtfp):

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Original budget 2011/12	371.8	669.7	993.7	1,213.3	1,213.3
Revised for budget 2012/13	409.5	417.9	537.0	742.6	1,128.7
Difference	37.7	(251.8)	(456.7)	(470.7)	(84.6)

Legal implications

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

34. All the council's investments are, and will continue to be, within its legal powers.

Conclusion

35. This report provides details of the treasury management activities for the period 1 April 2011 to 30 September 2011 and the mid year prudential indicators to council.

36. These details confirm that treasury activities have operated within the agreed parameters set out in the approved treasury management strategy, and provides the monitoring information for Audit and Governance Committee to fulfil the role of scrutinising treasury management activity.

Background papers

- Chartered Institute of Public Finance and Accounting (CIPFA) Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes
- CIPFA Prudential code for capital finance in local authorities
- Treasury Management and Investment Strategy 2011/12 to 2013/14 (A&G 12 January 2011, Executive 11 February 2011, Council 23 February 2011)
- VWHDC Fund Manager review April to September 2011 published by Sector 11/11/11

Report to:

Audit & Governance Committee
Cabinet
Council

Report of Head of Finance **Report no. 63/11**

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To:	AUDIT & GOVERNANCE COMMITTEE on	18 January 2012
	CABINET on	10 February 2012
	COUNCIL on	22 February 2012

Treasury Management and Investment Strategy 2012/13 to 2014/15

Recommendations

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

a) The Treasury Management Strategy 2012/13 to 2014/15 and the treasury Prudential Indicators contained within Appendix A (paragraph 31).

b) The Authorised Limit Prudential Indicator as shown in paragraph 6 of the strategy.

c) The Investment Strategy 2012/13 contained in the treasury management strategy (Appendix A), and the detailed criteria included in Annex A1.

That Cabinet endorses these decisions and recommends them to Council.

Purpose of Report

1.1 This report outlines the council's Treasury Management Strategy (TMS) for 2012/13 and sets out the expected treasury operations for this period. It comprises four elements fulfilling four key legislative requirements as follows:

- As required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities the reporting of the **prudential indicators** setting out the expected capital activities forms part of the annual budget proposal considered at the Council meeting in February. The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice;
- If the council were to borrow to fund capital expenditure it would need a **Minimum Revenue Provision (MRP) policy.** This would set out how the council will finance the payment for capital assets through the revenue account each year. There are no intentions for the council to enter into long term borrowing for capital financing at the moment. If a requirement or opportunity arises, a report would be brought forward prior to the year in which it would happen, as required by the regulations;
- The **treasury management strategy statement** which sets out how the council's treasury service will support the capital decisions taken in the budget report; the day-to-day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **authorised limit**, being the maximum amount of debt the council could afford in the short term, but which would not be sustainable long term. This is the 'Affordable Borrowing Limit' required by s3 of the Local Government Act 2003. This is shown in Appendix A and is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code;
- The **investment strategy** which sets out the council's criteria for selecting investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Communities and Local Government (CLG) Investment Guidance and is also shown in Appendix A.

Relationship with Corporate Plan

2.1 The report contributes to the Strategic Objective of managing our business effectively by providing value for money services that meet the needs of our residents and service users.

Background

3 Local Government Investments

3.1 Local Authorities' powers and practices for investing their surplus funds are contained in Part 1 of the *Local Government Act 2003.* The act allows the Secretary of State to issue guidance on investments and to specify other guidance which should be followed. Guidance was issued in March 2004 and specified that regard should also be had to the *Treasury Management Code of Practice* and *The Prudential Code for Capital Finance* issued by CIPFA.

3.2 Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were produced in 2011. The CLG issued Investment Guidance in 2010. This report incorporates the current guidance.

3.3 The general objective remains that local authorities should prudently invest surplus funds held. Priority should be given to security and liquidity but it is reasonable to seek the highest return consistent with those aims. The guidance specifically discourages the use of speculative investments such as equities. Borrowing to invest remains unlawful.

3.4 The guidance also applies to investments made through external fund managers.

3.5 In October 2011, in conjunction with South Oxfordshire District Council (SODC), we appointed Sector Treasury Services Ltd as our treasury management consultants on a three year contract to October 2014. Whilst the consultants provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters will always remain with the council.

4 Treasury Management and Investment Strategy

4.1 The legislation requires an annual Treasury Management & Investment Strategy Statement. This sets borrowing limits, investment objectives, approved organisations for investment, guidelines and performance criteria for the in-house operation.

4.2 The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

4.3 In addition to its cash investment funds the council also owns a significant investment property portfolio. Properties have been purchased and these generate a significant rental stream. The Property Investment policy is reviewed annually and is shown at Appendix B.

Options

5.1 There are no alternative options put forward. The council is legally required to agree a strategy. The strategy proposed has been produced in consultation with Sector as complying with the regulations and meeting the council's operational requirements.

Financial, legal and any other implications

6.1 The report gives financial information to help Members monitor the treasury management service. There is no additional expenditure involved.

Conclusion

7.1 Members are asked to review the Treasury Management and Investment Strategy and the indicators included and recommend its approval to Council.

Background Papers:

- CIPFA – Code of Practice on Treasury Management. (revised 2011)
- CLG – Guidance on Local Government Investments.
- Sector – Treasury management strategy statement guidance pub. 21 November 2011
- Annual Budget Setting report 2012/13 (to Council in February 2012) – Prudential Indicators

Appendices:

A. Treasury Management Strategy 2012/13 – 2014/15
B. Property Investment Policy

Annexes:

A1. Treasury Management Practice (TMP) 1(5) – Credit and Counterparty Risk Management
A2. Security, Liquidity and Yield Benchmarking

Treasury Management Strategy 2012/13 – 2014/15

1. The treasury management service is an important part of the overall financial management of the council's affairs. The prudential indicators in the council's annual budget setting report consider the affordability and impact of capital expenditure decisions, and set out the council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the council meets its balanced budget requirement under the Local Government Finance Act 1992.

2. The council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised 2011).

3. As a part of the Code the council also adopted a Treasury Management Policy Statement. This adoption is required as one of the prudential indicators.

4. The policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming three years. A key requirement of this report is to explain the risks, and the management of those risks, associated with the providing the treasury service. Legislation requires that two further treasury reports are required: a mid-year monitoring report and an outturn report after the year-end that reports on actual activity for the year.

5. This strategy covers:

- the Council's debt and investment projections;
- the expected movement in interest rates;
- the Council's borrowing and investment strategies;
- treasury performance indicators;
- specific limits on treasury activities;
- any local treasury issues.

Debt and Investment Projections 2012/13 – 2014/15

6. The council has to provide details of its borrowing requirement, any maturing debt which will need to be re-financed, and the effect this will have on the treasury position over the next three years. This council has no external debt and doesn't expect to borrow long term to finance its capital programme. There may be occasions when we need to borrow short-term for temporary cash flow reasons; these liabilities are likely to be for fixed rates and terms. The table therefore only specifies the limits for any temporary short-term borrowing and highlights the expected change in investment balances.

Limits to borrowing activity

	2011/12 Revised	2012/13 Estimated	2013/14 Estimated	2014/15 Estimated
External Debt				
Operational boundary	£2 million	£2 million	£2 million	£2 million
Authorised limit	£5 million	£5 million	£5 million	£5 million
Limit at variable interest rates	nil	nil	nil	nil
Limit for maturity > 1 year	nil	nil	nil	nil

The **operational boundary** is the limit which external borrowing is not normally expected to exceed. The **authorised limit** is a control on the maximum level of borrowing - a limit beyond which external borrowing is prohibited. This limit can only be set or revised by a meeting of the full Council. This is aimed at authorities with long-term borrowing and is meant to reflect the level of borrowing that would not be sustainable long term.

Projected total investments

	2011/12 Revised	2012/13 Estimated	2013/14 Estimated	2014/15 Estimated
Investments				
Total Investments at 31 March	£13 million	£14.5 million	£15 million	£15 million

The following information and commentary has been provided by Sector, the council's investment consultants.

Expected Movement in Interest Rates

Medium term interest rate estimates (mid year)

(source: Sector Treasury Ltd)

	Bank of England base rate	Estimated earnings rates for investments up to 3 months duration	DMO PWLB rates (borrowing)		
			5 yr	10 yr	50 yr
2012/13	0.50%	0.70%	2.30%	3.40%	4.40%
2013/14	0.75%	1.00%	2.70%	3.70%	4.70%
2014/15	2.00%	1.60%	3.30%	4.40%	5.10%

7. The UK economy is expected to experience weak growth in the next two years and there is a real risk of a technical recession (two quarters of negative growth). The Bank of England (BoE) base rate underpins investment returns and this is not expected to start increasing from its current rate of 0.5% until the third quarter (September) of 2013 despite the prevailing rate of inflation currently being above the target for the BoE Monetary Policy Committee. Previous hopes for an export-led recovery now appear unlikely due to the continuing Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Government's four-year Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, is also likely to depress growth during the next few years.

8. This challenging and uncertain economic outlook has the following implications:

- The Eurozone sovereign debt difficulties provide a clear indication of much higher counterparty risk. This therefore suggests the continued use of high quality counterparties and for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;

Investment Strategy 2012/13 – 2014/15

9. <u>Key Objectives</u>. The council's primary investment strategy objectives are firstly safeguarding the repayment of the principal and interest of its investments on time and secondly ensuring adequate liquidity – the investment return being a third

objective. As a result of the economic situation highlighted above, the current investment climate has one over-riding risk consideration: that of counterparty security risk. Consequently officers will continue to implement an operational investment strategy which further tightens the controls already in place in the approved investment strategy.

10. Risk Benchmarking. An addition to the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements for member reporting, although the application of these is more subjective in nature. Additional background information and an explanation of the approach taken is provided at Annex A2 to this appendix.

11. These benchmarks are basic targets (not limits) and so may be missed from time to time as a result of movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers can monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons, in the Mid-Year and/or Annual Report.

12. Security. The council's maximum security risk benchmark for the current portfolio, when compared to the historic default tables in Annex A2, is:

- **0.03% historic risk of default** when compared to the whole portfolio.

This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

13. Liquidity. In respect of this area the council seeks to maintain:

- Bank overdraft – the aim is not to use bank overdraft but if necessary the limit would never exceed the limit for external debt as shown in para 6 to this appendix;
- Liquid short term deposits of at least £0.5m available the next day;
- Weighted Average Life benchmark target is **91** days, with a maximum of **360** days.

14. Yield. The local measures of yield benchmarks are:

- Investments – Internal returns above the London Interbank Bid (LIBID) 7-day rate;
- Investments – External fund managers - returns 110% above 7 day compounded LIBID.

15. Investment Counterparty Selection Criteria. The primary principle governing the council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the council will also ensure:

- It maintains a policy covering the categories of investment types (specified and non-specified) it will invest in; the criteria for choosing investment counterparties with adequate security, and monitoring their security. Details of the two categories of specified and non-specified investments are set out in more detail in the relevant sections of Annex A1 to this appendix.

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed (see para 22 below). These procedures also apply to the council's prudential indicators covering the maximum principal sums invested.

16. The chief financial officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are different from that which determines specified and non-specified investments as it selects which counterparties the council may use rather than defining what its investments are.

17. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

18. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), and rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

19. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- **Banks 1 - Good Credit Quality** – the council will only use banks which:
   i. Are UK banks; and/or
   ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA

And have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

   i. **Short Term** - F1 P-1 A-1
   ii. **Long Term** – A- A3 A-
   iii. **Individual / Financial Strength** – C (Fitch / Moody's only)
   iv. **Support** – 3 (Fitch only)

- **Banks 2 –** Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.

- **Banks 3** – In exceptional circumstances and for transactional purposes, the council's own banker, if the bank falls below the above criteria, and balances will be minimised in both monetary size and time. This is a last resort and will be used only if there are a lack of suitable counterparties or if the cost of placing an investment (due to the requirement for cash-flow liquidity) exceeds the return (for example – short-term investments of a minimal amount). To limit the council's exposure to default, the amount will be kept as low as possible and the period of deposit will be until the next bank working day.

- **Bank Subsidiary and Treasury Operations** – the council will use these where the parent bank (with the necessary rating) has provided an appropriate guarantee or the subsidiary has the necessary ratings outlined above.
- **Building Societies** – the council will use mutual societies which:
  - i. meet the ratings for banks outlined above, or
  - ii. have assets in excess of £500 million.
- **Money Market Funds** – AAA
- **UK Government** (including gilts and the Debt Management Deposit Account Facility (DMADF))
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**

20. **Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in 'Banks 1' above. In addition:

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to Group companies;
- Sector limits will be monitored regularly for appropriateness.

21. **Use of additional information other than credit ratings** – Additional criteria under the Code of Practice now require the council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

22. **Time and Monetary Limits applying to Investments** - The time and monetary limits for institutions on the council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch	Moody's	Standard & Poor's	Money limit	Time limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£5m	3 years
Lower Limit Category	F1/A-	P-1/A3	A-1/A-	£5m	1 years
Unrated Limit Category	-	-	-	£3m	6 months
Council's banker not meeting Banks 1	n/a	n/a	n/a	minimal - not to exceed £3m	to next banking day
Other Institution Limits	-	-	-	£5m	various
Part nationalised	-	-	-	£5m	3 years

(The upper and lower limit categories will include banks and rated building societies. The unrated limit category will normally be used for unrated subsidiaries and unrated building societies. The ‘Other Institution’ limit will be for other local authorities, the DMADF, money market funds and gilt and supranational investments. These are all considered high quality names – although not always rated – and therefore will have the same limit as the upper category. Guaranteed institutions will need to be restricted to the terms of the guarantee.)

In exceptional circumstances short term variations to these limits will be allowed, subject to the written authority of the chief financial officer.

23. The proposed criteria for specified and non-specified investments are shown in Annex A1.

24. All our investments will fall in within definition of either specified and non-specified investments (see Annex A1); in the normal course of the council’s cash flow operations it is expected that both types will be utilised for the control of liquidity as both categories allow for short term investments.

25. The use of longer term instruments (greater than one year from inception to repayment) will fall in the non-specified investment category. Whenever these instruments are to be used, consideration will be taken to ensure the council’s liquidity requirements are safeguarded. These will also be limited by the longer term investment limits.

26. **Economic Investment Considerations** - Expectations of short-term interest rates, on which investment decisions are based, indicate that the current 0.5% BoE base rate will remain flat for some considerable time. The council’s investment decisions regarding duration of investment are based on comparisons between the rises priced into market rates and the forecasts of the council and its advisers.

27. The current sovereign and banking crises presents a significant operational difficulty. There is currently little value investing longer term unless credit quality is reduced. Whilst some selective options do provide a higher return, uncertainty over counterparty creditworthiness and sustainability suggests that shorter dated investments provide better security. Wherever possible, use will be made of ‘special local authority’ rates offered by some of the part-nationalised banks.

28. **The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst members are asked to approve the base criteria above, under the exceptional current market conditions the chief financial officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions or the chief financial officer lifts any restriction. Similarly the duration of any investments may be restricted.**

29. A consequence of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities. Use of more secure facilities would have a detrimental effect on the level of return.

Treasury Management Prudential Indicators and Limits on Activity

30. Further to the indicators above, there are four other treasury prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to generate income. Currently, as the council has no long term debt, these indicators apply only to investments. They are:

- <u>Upper limits on variable interest rate exposure</u>. Due to the minimal levels of investments held by the council there has not been a need to use period investments at variable interest rates. The council holds an instant access bank deposit account (‘call’ account) which is available for “overnight” investment. The interest rate on this account is reviewed every week by the bank but we could move our funds at any time. The council also uses a Money Market Fund for instant access. The rate is notified daily and again the funds can be moved at any time. Both these accounts are used more for cash-flow liquidity purposes rather than investment vehicles.
- <u>Upper limits on fixed interest rate exposure</u>. Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- <u>Maturity structures of borrowing</u>. These gross limits are set to reduce the council’s exposure to large fixed rate sums falling due for refinancing. As previously stated this does not apply here.
- <u>Total principal funds invested for greater than 364 days</u>. These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

These limits, which include cash held by the Fund Manager, are higher than the council’s actual total funds because cash received during the year is invested until it is required to be paid over to the Government or precepting bodies.

31. The Council is asked to approve the following prudential indicators:

£m	**2012/13**	**2013/14**	**2014/15**
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates: • Debt only • Investments only	 nil £50 million	 nil £50 million	 nil £50 million
Limits on variable interest rates • Debt only • Investments only	 nil £10 million	 nil £10 million	 nil £10 million
Maturity structure of fixed interest rate borrowing 2011/12 – not applicable			
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£20 million	£20 million	£20 million

Performance Indicators

32. The Code of Practice on Treasury Management requires the council to set performance indicators 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. Examples of performance indicators used to assess the performance of the treasury function are:

- Investment returns above the 7-day LIBID rate (in-house, 110% Fund Manager).
- Investment returns compared to similar local authority funds (Fund Manager only). Target is to be in the top quartile.
- Maximum investment of daily balances (in-house).
- Maintenance of a balanced portfolio.

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

Treasury Management Consultants

33. The council uses Sector Treasury Ltd (known as ‘Sector’) as its treasury management consultants, in a joint agreement with SODC. The company provides a range of services which include:

- technical support on treasury matters, capital finance issues and the drafting of member reports;
- economic forecasts and interest rate analysis;
- generic investment advice on interest rates, timing and investment instruments;
- credit ratings/market information service involving the three main credit rating agencies.

Following the collapse of the Icelandic banks, and the subsequent local authority exposure to these defaults, the latest revision to the CLG investment guidance notes and the CIPFA Treasury Code of Practice requires the council to recognise **that responsibility for treasury management decisions remains with the council at all times** and to ensure that undue reliance is not placed upon 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 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.

Member and Officer Training

34. The increased member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for members and officers. If a requirement is identified, then training for members and officers will be made available as suitable opportunities arise.

Treasury Management Practice (TMP) 1(5) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention 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. This council has adopted the Code and will apply its principles to all investment activity. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy. 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 choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the council will use. These are high security (i.e. 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 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) and not defined as capital expenditure (making an investment in a company). These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. (AAA or equivalent).

5. A body that is considered of a high credit quality (such as a bank or building society, although non-rated subsidiaries and low or non-rated building societies will need to be non-specified investments). This covers bodies with a minimum short term rating of F1+ (Fitch, or the equivalent).

Within these criteria, and in accordance with the Code, the council has additional measures to set the time and amount of monies which will be invested in any one body (including its subsiduries). These limits are £5 million and 3 years.

Non-Specified Investments. Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Bonds and gilt-edged securities are included for the benefit of the council's Fund Manager. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	**Limit £ or %**
a	**Supranational Bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	AAA long term rating. Any one name up to 20% of the value of the fund
b	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. Average duration of investments for funds should not exceed 5 years.	Maximum proportion of fund invested for longer than 1 year not to exceed 60%
c	**The Council's own bank** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	minimal
d	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which are Eligible Institutions and have a minimum asset size of £1 billion restricted to 1 year, and minimum asset size £500 million restricted to 6 months.	£3 million
e	Any **bank or building society** that has a minimum long term credit rating of AA- or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	50%

f	Any **non rated subsidiary** of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company, and a maximum period of investment of 6 months	£3 million
g	**Share capital or loan capital*** in a body corporate – The use of these instruments is deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments.	
h	**Pooled property or bond funds*** – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.	

*In respect of categories 'g' and 'h', these will only be considered after obtaining external advice and subsequent Member approval.

The Monitoring of Investment Counterparties. The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when rates change or outlook forecasts are revised, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately and any new counterparties which now meet the criteria will be added to the list. As most of our placements with counterparties are in the form of fixed term deposits, it is not possible to curtail a deposit until it has reached maturity. This does however normally confer priority creditor status on the council in the case of default.

Use of External Fund Managers. It is the Council's policy to use an external fund manager for part of its investment portfolio. The fund manager will use both specified and non-specified investment categories, and is required to comply with the council's investment strategy. The council receives monthly activity reports. Sector also monitor and report on the performance of the manager quarterly and the annual performance of the fund manager is reported to Council in the annual report on the performance of cash investments at the end of the financial year.

The current fund manager is Investec. The funds invested with the fund manager are non-working capital (ie: funds that are not required on a regular basis to meet the council's operational requirements). The balance held is generally in excess of £10 million in order to take advantage of better percentage rates for management charges.

Security, Liquidity and Yield Benchmarking

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

A proposed development for Member reporting is the consideration and approval of security and liquidity benchmarks.

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.

Yield. The local benchmark currently used to assess the performance of investments for the in-house team and the fund manager is the level of returns contrasted against the London Interbank Bid (LIBID) 7-day rate. This is the interest rate a bank would be willing to pay to borrow from another bank for seven days.

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. Previously, however, they have not been set out separately and explicitly for member consideration. Proposed benchmarks for the cash investments are below and these will form the basis for future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

Much of the CLG and CIPFA guidance is aimed at a relatively large authority with both borrowing and investments spread over a number of years. As an indication of this, worked examples from Sector assume investments of £50 million spread over 5 years.

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). The in-house team keeps a daily cash-flow forecast and would only have an unseen requirement if (for example) a large receipt was received later than expected. In such a scenario, short term borrowing would be considered to cover the period of delay. In respect of this area the Council seeks to maintain:

- Bank overdraft – there is no routine overdraft facility but in an emergency we could overdraw with our transactional bankers for a short period.
- Liquid short term deposits of at least £500,000 available on instant access.

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the weighted average life (WAL) of the portfolio – a shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- WAL benchmark is expected to be **91** days, with a maximum of **360** days**.**

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 period 1990 to 2007.

Average defaults for differing periods of investment

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.00%	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%	0.03%	0.06%
A	0.03%	0.15%	0.30%	0.44%	0.65%
BBB	0.24%	0.78%	1.48%	2.24%	3.11%

The council's minimum long term rating criteria is currently "A-" meaning the average expectation of default for a one year investment in a counterparty with an "A" long term rating would be 0.03% of the total investment (e.g. for a £1m investment the average loss would be £300). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio. As mentioned above, the in-house team rarely make an investment in excess of 1 year and most are considerably shorter. Further development of this approach is required to see if this methodology is suitable for a portfolio of mostly short-term investments.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- **0.03%** historic risk of default when compared to the whole portfolio. (i.e. equivalent to £300 on £1 million)

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to members in the both the Investment Mid-Year report and the Investment Annual report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

Appendix B

Property Investment Policy

1.0 The case for property

1.1 The Council is restricted in the different investment vehicles it is legally allowed to invest in notwithstanding the over-riding need for prudence mentioned earlier. Of the few avenues open one is property and the returns from investing in property have generally been, and currently are, greater than the limited opportunities in the money markets.

1.2 In broad terms the returns are greater because the risks are greater. Factors to be taken into account when deciding the principle of investing in property include:

- investment will be for the long term since it may not be possible, or wise, to sell quickly,
- the costs of acquisition and disposal are higher,
- there are management costs, risk of rent default and failure to honour maintenance agreements,
- different types of property and different areas carry different risks,
- generally property tends to appreciate in value, although this will vary by type and area; however, in some cases the value may go down,
- property can become functionally obsolete necessitating major refurbishment,
- without regular repair and maintenance the condition will deteriorate and the responsibility for repairs/maintenance may not always rest with the tenant,
- certain types of property may become less desirable as time goes by; this can make re-letting difficult or attract a lower calibre of tenant.

2.0 How much to invest?

2.1 The in-house cash holdings are currently adequate for cash-flow management purposes (operational capital). Currently, that means there is £15 million invested through the fund manager and £34 million invested in property (a total of £49 million invested). The investment in property currently represents 69% of this figure.

Policy 1. The maximum percentage of the investment portfolio in property should be 80% of the total, and the cash funds invested (i.e. not held for cash-flow purposes) should not fall below £5 million.

3.0 What type of property?

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

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

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

Policy 2. In general, properties for investment will be from the categories: retail, offices, industrial land and buildings.

4.0 Where should it be located?

4.1 There are compelling legal, cultural and financial reasons for not investing in the European mainland at the moment. Within the UK the location will influence the return and the type of property and may make management more or less difficult depending on distance from the Council offices.

Policy 3. **Only property located in the UK will be considered.**

5.0 What level of financial return?

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

Policy 4. With regard to the rate of return, each proposal will be considered on its merits.

6.0 Review

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

Council Report

Report no. 69/11

Report of Head of Finance

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Wards affected: All

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To: COUNCIL		CABINET
Date: 22 February 2012		10 February 2012

Revenue Budget 2012/13, Medium Term Financial Plan to 2016/17 and Capital Programme to 2016/17

RECOMMENDATIONS

1. That cabinet recommends to council that it:

   a. approves the medium term financial plan to 2016/17 as set out in appendix A to this report
   b. sets the revenue budget for 2012/13 at £10,744,216, as set out in appendix A1 to this report
   c. approves the capital programme for 2012/13 to 2016/17 as set out in appendix E to this report, together with the capital growth bids set out in appendix F of this report
   d. sets the council's prudential limits as listed in appendix G to this report
2. That cabinet authorises the cabinet member for finance to make minor adjustments to this report and the prudential indicators, in conjunction with the head of finance, should they prove necessary prior to its submission to council on 22 February 2012

Purpose of report

1. This report:

   - brings together all relevant information to allow cabinet to recommend to council a revenue budget for 2012/13 and a capital programme for 2012/13 to 2016/17;

   - contains the medium term financial plan which provides details of the forward budget model for the next five years;

   - details changes from the information presented in the "2012/13 budget update report" that was considered by scrutiny committee on 22 December 2011;

   - recommends the prudential indicators to be set by the council in accordance with 'the Prudential Code' introduced as part of the Local Government Act 2003;

   - contains the opinion of the council's chief financial officer on the robustness of estimates and adequacy of the council's financial reserves.

2. This report should be read in conjunction with the scrutiny report, as it builds on the base budget information contained in that report and does not seek to cover the whole budget building process.

Strategic objectives

3. Setting the budget in accordance with prescribed timetables enables the council to comply with its strategic objective of managing our business effectively.

4. The allocation of financial resources within the revenue and capital budgets needs to match the objectives agreed by the council. The objectives identify where investment, including proposed growth, will take place in order to help the council achieve its corporate plan targets. The budgets also identify disinvestment from non-priority services in order to pay for new investment without the whole burden falling on the council tax.

5. Where officers have made growth proposals (known as growth bids), each bid sets out how it will help achieve the council's objectives. The cabinet member for finance has chosen to include some officer growth bids in his budget proposals and these are identified in appendix B. The full set of growth bids is available as background papers on request.

The medium term financial plan (appendix A)

6. The medium term financial plan (mtfp) for 2012/13 to 2016/17 is at appendix A and provides a forward budget model for the next five years. It highlights the known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and funding receipts.

7. The mtfp is a projection of the revenue budget up to 31 March 2017. The projection identifies budget pressures in later years and assumes that council approves all the budget proposals within this report. Officers have made no

adjustments for unknown costs (such as the costs of contracts that will be re-let during this period - these could rise or fall depending on market conditions).

8. The mtfp identifies some significant challenges ahead for the council. It assumes that government grant funding, excluding new homes bonus, will fall by nearly 25 per cent by 2014/15 (following the 15 per cent fall last year). It also incorporates assumptions on interest income, and other known pressures on the council, such as inflation and salary increments.

9. Officers have been working since the “2012/13 budget update report” was considered by scrutiny committee on 22 December 2011 to estimate projected income from the new homes bonus (nhb) for the five year period of the mtfp. The results are contained within the following table, and are also included in the mtfp (detailed in rows 25 to 30).

Table 1 : New homes bonus

	Year of receipt					
Year "Earned"	**2011/12 Actual £'000**	**2012/13 Base £'000**	**2013/14 Estimated £'000**	**2014/15 Estimated £'000**	**2015/16 Estimated £'000**	**2016/17 Estimated £'000**
2011/12	452	452	452	452	452	452
2012/13		546	546	546	546	546
2013/14			341	341	341	341
2014/15				343	343	343
2015/16					603	603
2016/17						694
Total	**452**	**998**	**1,339**	**1,682**	**2,285**	**2,979**

10. The council is required by statute to set a balanced budget, but in the short term is allowed to use reserves and general fund balances to smooth the impact on the local tax payer. The council must maintain sustainable level of general balances which is deemed to be at least ten per cent of the annual budget requirement.

11. Officers consider that the pressures highlighted are manageable in the period covered by the MTFP when consideration is taken of the reserves and balances available to the council and our ability to vary budgets and redirect funding. However, making the savings required to maintain a sustainable level of reserves and balances in future years will be a significant challenge. Management team is already looking at ways in which the budget gap in future years can be closed.

Revenue budget 2012/13 – changes since scrutiny report

12. The scrutiny report discussed the composition of the council’s base revenue budget for 2012/13, and reported at that time that the provisional net budget expenditure for 2012/13 was £10,215,858 (before use of reserves and balances). Since that report was considered there has been further review of the budget by both officers and the cabinet member for finance. In addition, budget consultation has been undertaken, both with the business community and with local residents. As a result, the new net budget expenditure (before use of reserves and balances) is

£10,198,828. The movements in the budget since the scrutiny report was completed are discussed in the following paragraphs, and are shown in detail in appendices A1 and A2.

13. The budget requirement for 2012/13 is **£10,744,216**.

Essential Growth

Paragraph 11 and appendix B of the scrutiny report discussed expenditure considered unavoidable. Since scrutiny committee on 22 December 2011, service areas have identified other items of essential growth and some have been reduced following a 'star chamber' of cabinet members. This additional essential growth amounts to £90,000. This is shown in Appendix A1 and reconciled in Appendix A2.

Growth

Paragraphs 16 to 19 of the scrutiny report discussed revenue and capital growth, with growth bids submitted being shown in appendices D and F to that report. Since scrutiny committee and as a result of both an officer and 'star chamber' review, these bids have been revised as follows:

- Growth proposals increase by £54,310 – appendices A1 and A2
- Capital bids decrease by £203,000 (in 2012/13) but increase in later years (see appendix F1)

A full list of growth bids is at appendix D and the list of capital bids is at appendix F.

Savings

Paragraph 13 of the scrutiny report identified savings in each of the services. This has been further refined and additional savings amounting to £43,980 have been identified. A full list of savings proposals are at appendix C and a reconciliation of the changes is at appendix A2.

Other budget revisions

Officers have continued to refine budgets since the scrutiny committee report and a number of revisions to budgets have resulted from this work. These revisions amount to a budget saving of £238,420 and are detailed in appendix A3.

Funding changes

A number of proposed changes to internal funding are identified in appendix A1, and are explained below

Property Investment income

At the time the scrutiny report was written, estimated earnings from the council's investment properties for 2012/13 which are used to support the revenue budget in 2012/13 were £1,618,580. This estimate has since been revised downwards to £1,494,520 following a review by property services.

Collection fund surplus

The surplus arising on the collection fund that will be used for 2012/13 is £197,027. This final figure, which is based on an estimate required to be calculated as at 15 January each year, updates the figure included in the scrutiny report of £201,056. The change is due to an increase in the provision for likely bad debt and non-collection.

Cabinet member for finance's revenue budget proposal

14. Based on the amendments detailed above, and as shown in appendix A1 of this report, the cabinet member's budget proposal, including growth, is for a net revenue budget (after use of reserves) of **£10,744,216**. After taking account of government funding and the surplus on the collection fund from 2011/12, there is **a council tax requirement of £5,726,620**, which equates to £116.69 for a Band D property which means that for 2012/13 there is no change to the level of district council tax precept levied on each property.

Capital programme 2012/13 to 2016/17

15. The council also sets a five year capital expenditure programme.

Current capital programme

The scrutiny report gave details of the full capital programme as it then stood. A latest capital programme (before growth) is attached at appendix E. It is the capital programme as set by council in February 2011 adjusted for:

- slippage (caused by delays to projects) carried forward from 2010/11.
- any new schemes approved by council during 2011/12.
- reprofiling of expenditure on schemes from the 2011/12 financial year to future years where delays to schemes have occurred
- deletion of previously agreed schemes that are no longer to be pursued.

Cabinet capital programme proposals

Appendix F contains a list of new capital schemes that the cabinet member for finance is putting forward as part of his budget proposals. All of these stem from capital growth bids put forward by officers (details of each is available on request). Officers will amend the capital programme to include the proposals if approved by cabinet and council.

Since the scrutiny committee report the programme and some of the bids have changed. Details of these changes are at appendix F1.

Financing the capital programme

Monies from external sources that can be used to fund capital expenditure are called on first when determining how to finance the capital programme; these include capital grants and developer contributions. Once these specific resources are exhausted, the capital programme is funded from the council's fund of capital receipts.

The programme proposed can be fully funded from existing and anticipated capital resources and it is not anticipated that the council will need to engage in any long-term borrowing to support its capital programme over the period of the mtfp. The strategic director and chief finance officer comments on the adequacy of reserves and balances below.

Future pressures on the capital programme

Officers advise cabinet not to earmark all available resources in proposing the budget to council, as the prudential code requires local authorities to set sustainable budgets. By retaining an unallocated balance, cabinet can demonstrate that through a combination of this and future income (that can be expected beyond the period of the budget) it can fund future demands.

The prudential code and prudential indicators

16. In setting its revenue and capital budgets for 2012/13, the council must agree prudential indicators in accordance with the prudential code (see below). When recommending its budgets to council, cabinet must also recommend the prudential indicators. In order to allow this, officers need to have advanced knowledge of the proposals cabinet is going to consider, in order to allow them to calculate and form an opinion on the indicators.

17. From 1 April 2004, government control of local authorities' borrowing was abolished and replaced by a prudential system of self-regulation. Authorities are able to borrow based on need and affordability, which they demonstrate through compliance with the prudential code developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and given statutory force by government regulation.

18. The key objectives of the prudential code are to ensure that the capital investment plans of the authority are affordable, prudent and sustainable. To demonstrate that authorities have had regard to these objectives, the prudential code sets out a number of indicators that must be considered covering five distinct areas – capital expenditure, affordability, prudence, external debt and treasury management. The council must approve the indicators through the budget process before 1 April each year, but they can be revised during the year if required.

19. The key indicators that will drive the capital budget decision making process will be those concerning affordability, as these measure the impact of capital investment decisions on the overall revenue budget and in particular the precept against the collection fund.

20. In setting or revising the prudential indicators the council is required to have regard to:

- affordability e.g. implications for the precept
- prudence and sustainability e.g. implications for external borrowing
- value for money e.g. option appraisal

- stewardship of assets e.g. asset management planning
- service objectives e.g. strategic planning for the council
- practicality e.g. achievability of the forward plan

21. Under the code, the strategic director and chief finance officer is responsible for ensuring that the council considers all relevant matters when setting or revising indicators through a report. The strategic director and chief finance officer is also required to establish procedures to monitor performance against all forward-looking indicators; and report upon any significant deviations from forward forecasts with proposed actions.

22. Appendix G contains the recommended prudential indicators, which have been calculated based on the budget proposals attached (appendices A through F). The strategic director and chief finance officer is satisfied that these indicators show that the council's capital investment plans are affordable, prudent and sustainable.

The robustness of the estimates and the adequacy of reserves

23. The Local Government Act 2003 places a duty on the chief finance officer (i.e. the strategic director and s.151 officer) to report on the robustness of the estimates and the adequacy of reserves. The council must have regard to this report when making decisions about the setting of the budget.

24. The construction of the budget has been managed by qualified accountants and has been subject to challenge, specifically by the strategic director and chief finance officer, head of finance, other heads of service, management team and the cabinet member for finance. Informal meetings of cabinet have considered the budget, and a report detailing the base budget has gone to the council's scrutiny committee (22 December 2011). In view of the process undertaken and his own knowledge of the budget, the strategic director and chief finance officer is satisfied that the budget is both prudent and robust.

25. The strategic director and chief finance officer is satisfied that the overall level of reserves is adequate in relation to the proposed revenue budget and capital programme and that the budgets are sustainable over the medium term plan.

26. Appendix H contains the strategic director and chief finance officer's full report.

Legal Implications

27. The cabinet needs to make recommendations to the council on its spending proposals. Under the Local Government Act 2000 it is the council that must agree the revenue and capital spending plans, and then set the council tax. Council will meet on 22 February 2012 in order to set the budget, and the council tax (including amounts set by Oxfordshire County Council and the Thames Valley Police Authority).

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

Other Implications

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

30. A risk assessment has been carried out to identify the equality implications of the saving proposals by officers. The cabinet took into consideration these results in order to finalise the 2012/13 budget.

Conclusion

31. This report provides details of the medium term financial plan for the period 2012/13 to 2016/17; the revenue base budget for 2012/13; the capital programme 2012/13 to 2016/17; government grants (the settlement); uncommitted reserves and balances; the cabinet member for finance's budget proposals and the resulting prudential indicators.

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

Appendices

Appendix A	Medium term financial plan 2012/13 to 2016/17
Appendix A1	Revenue budget 2012/13
Appendix A2	Reconciliation of growth and savings adjustments (since scrutiny committee)
Appendix A3	Post base adjustments in the mtfp (line 37)
Appendix B	Essential revenue growth bids
Appendix C	Savings proposals
Appendix D	Growth proposals
Appendix E	Capital programme 2012/13 to 2016/17
Appendix F	Capital growth bids
Appendix F1	Reconciliation of capital bid adjustments (since scrutiny committee)
Appendix G	Prudential indicators
Appendix H	Report on the robustness of the estimates and the adequacy of reserves and balances

Background Papers

- Final settlement papers (February 2012)
- Budget update report considered by scrutiny committee - 22 December 2011.
- Services revenue budget book 2011/12
- Revenue and capital growth bids

Medium Term Financial Plan to 2016/17

	A	B	C	D	E	F	G	H
1	***Cabinet***	**Original Budget**		**Base Budget**	**Indicative**	**Indicative**	**Indicative**	**Indicative**
2	***Edition 4***	**2011/12**		**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
3	***Service Costs***							
4	Commercial Services	3,444,060		Service area deleted and absorbed into other services				
5	Corporate Management	655,150		599,310	599,310	599,310	599,310	599,310
6	Corporate Strategy	1,127,660		4,590,820	4,590,820	4,590,820	4,590,820	4,590,820
7	Economy, Leisure and Property	1,803,370		1,496,690	1,496,690	1,496,690	1,496,690	1,496,690
8	Finance	1,601,960		1,941,680	1,941,680	1,941,680	1,941,680	1,941,680
9	HR, IT, Customer	1,633,770		1,753,500	1,753,500	1,753,500	1,753,500	1,753,500
10	Housing and Health	1,454,110		1,255,890	1,255,890	1,255,890	1,255,890	1,255,890
11	Legal and Democratic	1,009,850		798,340	798,340	798,340	798,340	798,340
12	Planning	707,700		568,850	568,850	568,850	568,850	568,850
13								
14	Contingency	224,720		214,720	264,720	264,720	264,720	264,720
15	Inflation and salary increments	70,000		In base				
16	Salary increment				35,000	70,000	105,000	140,000
17	Salary inflation (estimate)				124,310	251,810	382,550	516,610
18	Other inflation (estimate)				181,120	365,640	553,630	745,150
19	Previous year agreed growth & savings	0		0	35,280	19,540	(41,000)	(17,800)
20	**Net Cost of Service**	13,732,350		13,219,800	13,645,510	13,976,790	14,269,980	14,653,760
21	Investment Income	(371,800)		(417,900)	(537,000)	(742,600)	(1,128,700)	(1,128,700)
22	Property Income	(1,561,350)		(1,494,520)	(1,429,580)	(1,345,440)	(1,345,440)	(1,345,440)
23	s.31 Council Tax Freeze grant (2011/12)	(141,558)	287	(141,271)	(141,271)	(141,271)		
24	s.31 Council Tax Freeze grant (2012/13)			(143,166)				
25	New Homes Bonus - tranche 1 11/12		(451,595)	(451,595)	(451,595)	(451,595)	(451,595)	(451,595)
26	New Homes Bonus - tranche 2 12/13			(546,050)	(546,050)	(546,050)	(546,050)	(546,050)
27	New Homes Bonus - tranche 3 13/14 (estimate)				(341,000)	(341,000)	(341,000)	(341,000)
28	New Homes Bonus - tranche 4 14/15 (estimate)					(343,000)	(343,000)	(343,000)
29	New Homes Bonus - tranche 5 15/16 (estimate)						(603,000)	(603,000)
30	New Homes Bonus - tranche 6 16/17 (estimate)							(694,000)
31	**Impact of known costs/savings on general fund balances [line 90]**	(279,932)		(27,020)	3,280	61,840	241,840	441,840
32	**Variations to reserve budgets in direct services**	0		0	100,000	(40,000)	80,000	(40,000)
33	**Essential Growth**	812,690		435,800	368,310	370,310	339,310	334,310
34	**Savings proposals**	(710,450)		(463,900)	(465,400)	(465,400)	(465,400)	(465,400)
35	**Growth proposals**	89,500		443,070	84,070	66,070	58,070	58,070
36	**Revenue impact of Capital Bids 2011/12**	(48,500)		24,000	4,000	4,000	4,000	4,000
37	**Budget adjustments post base**			(238,420)	(238,420)	(238,420)	(238,420)	(238,420)
38								
39	**Net Expenditure**	11,520,950		10,198,828	10,054,854	9,824,234	9,530,595	9,295,375
40								
41	Contribution to Earmarked Reserves							
42	Total Contributions to Earmarked Reserves	127,215	451,595	1,202,468	1,443,645	1,786,645	2,349,645	3,083,645
43	Total Usage of Earmarked Reserves	(286,245)	(59,505)	(120,000)	(220,000)	(990,000)	(2,000,000)	(2,615,000)
44		(159,030)	392,090	1,082,468	1,223,645	796,645	349,645	468,645
45								
46	Amount to be Financed	11,361,920		11,281,296	11,278,499	10,620,879	9,880,240	9,764,020
47	Contribution to/(Use of) General Fund Balances	31,230		(537,080)	(940,430)	(519,850)	(19,860)	(16,870)
48	Contribution of carry forwards							
49	**Budget Requirement (after use of reserves)**	**11,393,150**		**10,744,216**	**10,338,069**	**10,101,029**	**9,860,380**	**9,747,150**
50								
51	***Financing***							
52	Government Grant income	(5,598,015)		(4,820,569)	(4,356,604)	(3,960,549)	(3,556,573)	(3,275,604)
53	Collection Fund (surplus)/deficit transfer	(144,300)		(197,027)	(100,000)	(100,000)	(100,000)	(100,000)
54								
55	Gross amount to be met from Council Tax (before use of balances) [Line 46 less lines 52 and 53]	5,619,605		6,263,700	6,821,895	6,560,330	6,223,667	6,388,416
56	Net Amount to be met from Council Tax (after use of balances) which is tax base x council tax precept	5,650,835		5,726,620	5,881,465	6,040,480	6,203,807	6,371,546
57								
58	Tax Base	48,426		49,075.5	49,414.1	49,755.1	50,098.4	50,444.1
59	Council Tax Precept	116.69		116.69	119.02	121.40	123.83	126.31
60								
61	**Earmarked Revenue Reserves**							
62	At start of year - Reserves	(750,791)		(983,851)	(2,066,319)	(3,289,964)	(4,086,609)	(4,436,254)
63								
64	Net reduction of/(Contribution to) Reserves	159,030	(392,090)	(1,082,468)	(1,223,645)	(796,645)	(349,645)	(468,645)
65	(includes govt grants direct to earmarked reserves)							
66	At end of year - Earmarked Reserves	(591,761)	(392,090)	(2,066,319)	(3,289,964)	(4,086,609)	(4,436,254)	(4,904,899)
67								
68	**General Fund Balances**							
69	At start of year-General Fund Balances	(3,325,792)		(3,011,019)	(2,473,939)	(1,533,509)	(1,013,659)	(993,799)
70								
71	Use of/(contribution to) general fund balances	(31,230)	346,003	537,080	940,430	519,850	19,860	16,870
72								
73	**At end of year-General Fund Balances (min 10% of annual budget requirement)**	**(3,357,022)**	**(3,011,019)**	**(2,473,939)**	**(1,533,509)**	**(1,013,659)**	**(993,799)**	**(976,929)**

Medium Term Financial Plan to 2016/17

	A	B	C	D	E	F	G	H
74								
75		Impact of known costs/ savings		Indicative	Indicative	Indicative	Indicative	Indicative
76		budgeted	not achieved					
77		2011/12		2012/13	2013/14	2014/15	2015/16	2016/17
78	*** Impact of known costs/savings**							
79	Revenue savings from capital projects not achieved (line 36)		50,000					
80	Reduction in costs of council's operational property	(202,280)	22,950		0	0	0	0
81	Service review savings (below 4th tier)	(140,642)			0	0	0	0
82	Reduction in Car Allowances	(78,960)	7,340	(4,620)	(16,860)	(29,100)	(29,100)	(29,100)
83	Net future unavoidable budget changes				200,000	400,000	600,000	800,000
84	One off costs from savings (line 34)	383,850	(35,000)	35,000	30,000	20,000		
85	Review of Corporate Management	(80,000)			(16,060)	(16,060)	(16,060)	(16,060)
86	Freedom to increase planning fees	(161,900)	161,900					
87	FFtF phase III			(57,400)	(193,800)	(313,000)	(313,000)	(313,000)
88	Supplementary Estimate - FftF phase 3		186,500					
89	Forecast outturn for 2011/12 (as at Qtr 3)		(47,974)					
90		(279,932)	345,716	(27,020)	3,280	61,840	241,840	441,840
91								
92								
93								
94								
95	**Assumptions and %age changes**							
96								
97	% Council Tax increase	0.00%		0.00%	2.00%	2.00%	2.00%	2.00%
98	% increase in budget requirement	3.8%		-5.7%	-3.8%	-2.3%	-2.4%	-1.1%
115								

Revenue budget 2012/13

	£	£
Previous provisional net expenditure budget		**10,215,858**
(as reported in scrutiny committee report of 22 December 2011)		
1) Amendments to items included in scrutiny committee report		
Property Income (line 22)		
Reduction in forecast income following review by property services	124,060	
Essential growth (line 33)		
Net revisions - a full list of revised growth can be seen in **appendix B**	90,000	
Savings proposals (line 34)		
Net revisions - a full list of revised savings can be seen in **appendix C**	(43,980)	
Revenue growth proposals (line 35)		
Net revisions - a full list of revised growth can be seen in **appendix D**	54,310	
Revenue consequences of capital growth (line 36)		
Net revisions - a full list of revised growth can be seen in **appendix F**	(3,000)	
Budget adjustments post base (line 37)		
Further adjustments to base budgets **(appendix A3)**	(238,420)	
		(17,030)
Revised net Expenditure (line 39)		**10,198,828**
Use of reserves		
Net contribution to earmarked reserves (line 44)	1,082,468	
Net use of general fund balances (line 47)	(537,080)	
		545,388
Budget requirement for 2011/12 (line 49)		**10,744,216**
Funded by:		
Final government grant settlement		4,820,569
Collection fund surplus		197,027
Council tax requirement		**5,726,620**
Total funding		**10,744,216**
Council tax at band 'D' equivalent 2012/13		**116.69**
Council tax at band 'D' equivalent 2011/12		116.69
Percentage increase / reduction		0.0%

Analysis of movements in items included in Scrutiny to Council

Movements in Appendix B Essential Growth

Ref	Service	C/ctre	Description	Vale only or joint bid	2012/13	2013/14	2014/15	2015/16	2016/17
JCORREVESS1	Corporate Strategy		Brown Bin storage facilities changed to one-off growth	Joint	0	(30,000)	(30,000)	(30,000)	(30,000)
VELPREVESS1	Economy, Leisure & Property		Removal of bid for repairs on surface drainage systems	Vale	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
VELPREVESS2	Finance		Reduction in income from Mobile Homes parks	Vale	19,000	19,000	19,000	19,000	19,000
JLEGREVESS2	Legal & Democratic		Reduction in taxi licence fees	Joint	58,000	23,000	23,000	23,000	23,000
JPLAREVESS1	Planning		Delay in implementing FftF programme savings	Joint	35,000	34,000	36,000	5,000	0
VPLAREVESS1	Planning		Delay in implementing FftF programme savings	Vale	(17,000)	(16,000)	(18,000)	13,000	18,000
					90,000	**25,000**	**25,000**	**25,000**	**25,000**

Movements in Appendix C Savings Proposals

Ref	Service	Description	Vale only or joint bid	2012/13	2013/14	2014/15	2015/16	2016/17
ELP2	Economy, Leisure & Property	Mobile Homes Parks - reduce budget for water rates	Vale	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
ELP18	Economy, Leisure & Property	Excess Charges - remove budget for bank charges	Vale	(500)	(500)	(500)	(500)	(500)
ELP19	Economy, Leisure & Property	Close down "Visit Vale" website	Vale	(3,000)	(4,500)	(4,500)	(4,500)	(4,500)
SC1	HR, IT & Customer	Reduction in corporate training budget	Vale	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
SC2	Finance	Remove council subsidy for Octabus dial-a-ride service	Vale	(30,480)	(30,480)	(30,480)	(30,480)	(30,480)
				(43,980)	**(45,480)**	**(45,480)**	**(45,480)**	**(45,480)**

Movements in Appendix D Revenue Growth Proposals

Ref	Service	Description	Vale only or joint bid	2012/13	2013/14	2014/15	2015/16	2016/17
JCORREV1	Corporate Strategy	Outsourcing of garden waste service administration	Joint	100,000	0	0	0	0
VELPREV1	Economy, Leisure & Property	Reduction in growth required to fund Participation Co-ordinator	Vale	(11,100)	(36,100)	0	0	0
VELPREV8	Economy, Leisure & Property	Reduce growth for implementation of Strategic Property Review	Vale	0	(10,000)	0	0	0
VELPREV9	Economy, Leisure & Property	Reduce growth for feasibility study of new Wantage/Grove leisure centre	Vale	(20,000)	0	0	0	0
JFINREV1	Finance	Costs of accountancy restructure	Joint	50,000	0	0	0	0
JLEGREV3	Legal & Democratic	Reduce growth for extrenal legal fees on lesiure management contract	Joint	(7,500)	(12,500)	(5,000)	0	0
VPLAREV1	Planning	Removal of growth for appeal costs on Housing land supply and policy	Vale	(50,000)	(10,000)	0	0	0
		Movements in one-off bids		**61,400**	**(68,600)**	**(5,000)**	**0**	**0**
JCORREV1	Corporate Strategy	Removal of growth for green waste support	Joint	(10,090)	(10,090)	(10,090)	(10,090)	(10,090)
JCORCAP2	Corporate Strategy	Growth for electrical equipment recycling provision	Joint	3,000	3,000	3,000	3,000	3,000
JLEGREV2	Legal & Democratic	Removal of growth for funding Commpunity Safety Partnership	Joint	0	(34,040)	(34,040)	(34,040)	(34,040)
		Movements in ongoing bids		**(7,090)**	**(41,130)**	**(41,130)**	**(41,130)**	**(41,130)**
				54,310	**(109,730)**	**(46,130)**	**(41,130)**	**(41,130)**

Movements in Appendix F Capital Bids

Ref	Service	Description	Vale only or joint bid	2012/13	2013/14	2014/15	2015/16	2016/17
JCORCAP2	Corporate Strategy	T/f bid for electrical equipment recycling provision to revenue	Joint	(3,000)	0	0	0	0
				(3,000)	**0**	**0**	**0**	**0**

Post base adjustments in the medium term financial plan

The following adjustments have been made to Service budgets after the Base Budget line:

Service	Cost centre	Description	£
Housing & Health	HE31	Changes in net salary costs arising from Housing Needs restructure	(4,700)
Housing & Health	HM11	Changes in net salary costs arising from Housing Needs restructure	17,990
Housing & Health	HM21	Changes in net salary costs arising from Housing Needs restructure	(34,220)
Housing & Health	HM31	Changes in net salary costs arising from Housing Needs restructure	(670)
Housing & Health	HP01	Changes in net salary costs arising from Housing Needs restructure	(40)
Housing & Health	QF01	Changes in net salary costs arising from Housing Needs restructure	960
			(20,680)
HR, IT & Customer	CN41	Budget equivalent to 0.4FTE LSP Customer Service Assistant t/f'd to HSH	(9,910)
HR, IT & Customer	HR31	Change in net salary costs for Shared HR Assitant post to reflect career based uplift	3,030
			(6,880)
Total establishment changes post base			**(27,560)**

Service	Cost centre	Description	£
Finance	SB41	Reduction in pension deficit contribution to match revised OCC figures	(95,130)
			(95,130)
Corporate Strategy	CG11	Removal of discrete grants budget	(83,400)
Corporate Strategy	CG11	Re-instatement/increase in partnership grants (Matthew Barber e-mail)	23,800
Corporate Strategy	CH41	Remove ongoing FftF cost from base - replaced by supp est in 11/12)	(56,130)
			(115,730)
Total savings post base			**(210,860)**
GRAND TOTAL BUDGET ADJUSTMENTS POST BASE			**(238,420)**

Essential revenue growth bids

Note: none of the essential growth items represents new legislative responsibilities

No	Service	Cost centre	Description of essential growth	Vale only or joint bid?	Amount required 2012/13	One-off/ ongoing?	Future years requirements				Comments
							2013/14	2014/15	2015/16	2016/17	
CORPORATE STRATEGY											
JCORREVESS1	Corporate Strategy	RC01 & CL51	Revenue funding is required to pay for a storage facility for the bins that we hold ready for delivery as and when they are needed. The current storage facility is at Culham and costs £60,000 which is split 50/50 across both councils. We do not have any budget to pay for storage next year and so a growth bid is needed.	Joint	30,000	~~Ongoing~~ One-off					Changed to one-off for 12/13 at star chamber on 16 Dec
VCORREVESS2	Corporate Strategy	CL71 & CL51	We know that more houses are being built and occupied. We need revenue funding to cover the costs of waste collection that will accompany the increased numbers of houses.	Vale	17,770	Ongoing	17,770	17,770	17,770	17,770	
VCORREVESS3	Corporate Strategy	PA41	Additional routine grounds maintenace work to new areas of parks and open spaces that are adopted by the council	Vale	12,000	Ongoing	12,000	12,000	12,000	12,000	As discusssed with Accy - these are comuted sums from developers
VCORREVESS4	Corporate Strategy	PA41	Additional reactive (non-routine) maintenace work to parks and open spaces that are adopted by the council		10,000	Ongoing	10,000	10,000	10,000	10,000	As discusssed with Accy - these are comuted sums from developers
					69,770		**39,770**	**39,770**	**39,770**	**39,770**	

Essential revenue growth bids

Note: none of the essential growth items represents new legislative responsibilities

No	Service	Cost centre	Description of essential growth	Vale only or joint bid?	Amount required 2012/13	One-off/ ongoing?	Future years requirements				Comments
							2013/14	2014/15	2015/16	2016/17	
FINANCE											
VELPREVESS2	Finance	PS21	Reduction in income from Pebble Hill and Woodlands mobile home parks, Radley	Vale	19,000	Ongoing	19,000	19,000	19,000	19,000	Late bid - 26/1/12
					19,000		**19,000**	**19,000**	**19,000**	**19,000**	
FINANCE											
VFINREVESS1	Finance	RS42 & HM31	The purpose of this growth bid is to fund the net increase in costs of Housing Benefits.	Vale	171,710	Ongoing	171,710	171,710	171,710	171,710	
VFINREVESS2	Finance	RS41	The DWP has reduced the Benefits Administration subsidy receivable for 2012/13.	Vale	57,830	Ongoing	57,830	57,830	57,830	57,830	
					229,540		**229,540**	**229,540**	**229,540**	**229,540**	
HEALTH AND HOUSING											
VHAHREVESS1	Health & Housing	HE31	Expected income from immigration expenses fees and formal enforcement notices is now not achievable. This is because the process for immigration review has alteterd and EH are no longer required to carry out this function	Vale	5,000	Ongoing	5,000	5,000	5,000	5,000	
VHAHREVESS2	Health & Housing	HM31	Growth bid to reverse the automatic inflationary uplift for the contribution from Sovereign Vale to the costs of Choice based lettings	Vale	1,490	One-off	0	0	0	0	
					6,490		**5,000**	**5,000**	**5,000**	**5,000**	
LEGAL AND DEMOCRATIC											
JLEGREVESS2	Legal & Democratic	HL01 & LC31	Following the recent audit commission review of taxi licensing fee setting at SODC it was agreed that allocation of costs and recharges to the service would be reviewed. This may lead to a reduction in fees that can be charged which at this stage cannot be quantified.	Joint	58,000	Ongoing	23,000	23,000	23,000	23,000	Submitted as joint bid but Vale has not experienced level of scrutiny on this as SODC and review of fees at Vale may not be considered necessary
					58,000		**23,000**	**23,000**	**23,000**	**23,000**	
PLANNING											

Essential revenue growth bids

Note: none of the essential growth items represents new legislative responsibilities

No	Service	Cost centre	Description of essential growth	Vale only or joint bid?	Amount required 2012/13	One-off/ ongoing?	Future years requirements				Comments
							2013/14	2014/15	2015/16	2016/17	
JPLAREVESS1	Planning	DC11	As part of the FFTF programme, £150,350 of Vale savings are due to be delivered in 2012/13. Although some savings have been achieved, due to a combination of IT capacity, councillor views and practical issues there is both a delay and a reduction in the deliverability of the profiled savings for 2012/13	Joint	35,000	One-off	34,000	36,000	5,000	0	
VPLAREVESS1	Planning	DC11	As part of the FFTF programme, £150,350 of Vale savings are due to be delivered in 2012/13. Although some savings have been achieved, due to a combination of IT capacity, councillor views and practical issues there is both a delay and a reduction in the deliverability of the profiled savings for 2012/13	Vale	18,000	Ongoing	18,000	18,000	18,000	18,000	
					53,000		**52,000**	**54,000**	**23,000**	**18,000**	
Overall total					**435,800**		**368,310**	**370,310**	**339,310**	**334,310**	

Savings proposals

		One-off / ongoing	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
CORPORATE MANAGEMENT TEAM							
CMT1	Removal of a Personal Assistant's post (Post ID 220003)	Ongoing	(31,310)	(31,310)	(31,310)	(31,310)	(31,310)
			(31,310)	**(31,310)**	**(31,310)**	**(31,310)**	**(31,310)**

CORPORATE STRATEGY							
CS1	Comms - no longer producing 'UnValed'	Ongoing	(34,700)	(34,700)	(34,700)	(34,700)	(34,700)
CS2	Comms - various small savings	Ongoing	(1,570)	(1,570)	(1,570)	(1,570)	(1,570)
CS3	Grounds maint - change in percentage recharge of staff	Ongoing	(7,110)	(7,110)	(7,110)	(7,110)	(7,110)
CS4	Parks - new GM contract	Ongoing	(63,450)	(63,450)	(63,450)	(63,450)	(63,450)
CS5	Brown bins - increase in customer numbers	Ongoing	(16,820)	(16,820)	(16,820)	(16,820)	(16,820)
CS6	Reduction in partnership grants	Ongoing	(34,200)	(34,200)	(34,200)	(34,200)	(34,200)
			(157,850)	**(157,850)**	**(157,850)**	**(157,850)**	**(157,850)**

Savings proposals

		One-off / ongoing	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
ECONOMY, LEISURE AND PROPERTY							
ELP1	Facilites Mngt - telephone allowance	Ongoing	(100)	(100)	(100)	(100)	(100)
ELP2	Mobile Homes Parks - water rates	Ongoing	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
ELP3	Mobile Homes Parks - reduction in GM contract	Ongoing	(1,120)	(1,120)	(1,120)	(1,120)	(1,120)
ELP4	General Property - reduction in standby allowance (now in base budget)	Ongoing					
ELP5	General Property - ctax on 4 Turn Again Lane	Ongoing	(920)	(920)	(920)	(920)	(920)
ELP6	General Property - reduction in GM contract	Ongoing	(160)	(160)	(160)	(160)	(160)
ELP7	ELP Sp - reduction in rents, telephones, postage	Ongoing	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
ELP8	Wantage LC - reduction in GM contract	Ongoing	(640)	(640)	(640)	(640)	(640)
ELP9	Faringdon LC - increase in GM contract	Ongoing	10	10	10	10	10
ELP10	Tilsley Park - reduction in GM contract	Ongoing	(9,290)	(9,290)	(9,290)	(9,290)	(9,290)
ELP11	WHL&TC - reduction in GM contract	Ongoing	(1,790)	(1,790)	(1,790)	(1,790)	(1,790)
ELP12	Abingdon Outdoor Pool - reduction in GM contract	Ongoing	(520)	(520)	(520)	(520)	(520)
ELP13	STW - increase in GM contract	Ongoing	50	50	50	50	50
ELP14	STW - increase in fee income	Ongoing	(1,480)	(1,480)	(1,480)	(1,480)	(1,480)
ELP15	Car Parks - reduction in electricity costs	Ongoing	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
ELP16	Car Parks - increase in GM contract	Ongoing	1,470	1,470	1,470	1,470	1,470
ELP17	Car Parks - reduction in equipment costs	Ongoing	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
ELP18	Excess Charges - remove budget for bank charges	Ongoing	(500)	(500)	(500)	(500)	(500)
ELP19	Close down the "Visit Vale" website	Ongoing	(3,000)	(4,500)	(4,500)	(4,500)	(4,500)
			(45,890)	**(47,390)**	**(47,390)**	**(47,390)**	**(47,390)**

Savings proposals

		One-off / ongoing	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £

Savings proposals

		One-off / ongoing	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
FINANCE							
FIN1	Payroll - saving on extension of capita contract	Ongoing	(290)	(290)	(290)	(290)	(290)
FIN2	Payroll - reduced recharge for shared payroll function due to outsourcing	Ongoing	(39,210)	(39,210)	(39,210)	(39,210)	(39,210)
FIN3	AP - saving on extension of capita contract	Ongoing	(970)	(970)	(970)	(970)	(970)
FIN4	Council Tax - saving on extension of capita contract	Ongoing	(390)	(390)	(390)	(390)	(390)
FIN5	Sundry Debtors - saving on extension of capita contract	Ongoing	(5,670)	(5,670)	(5,670)	(5,670)	(5,670)
FIN6	Business Rates - reduction in budget for discretionary rate relief	Ongoing	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
FIN7	Business Rates - saving on extension of capita contract	Ongoing	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
FIN8	Ben Admin - saving on extension of capita contract	Ongoing	(8,940)	(8,940)	(8,940)	(8,940)	(8,940)
FIN9	CTB - expenditure adjustment	Ongoing	17,370	17,370	17,370	17,370	17,370
FIN10	CTB - income adjustment	Ongoing	(71,710)	(71,710)	(71,710)	(71,710)	(71,710)
FIN11	Benefit Fraud - Reduction in budget for external fraud legal support (Darbys)	Ongoing	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
FIN12	Accy - Saving on re-letting the treasury advice contract	Ongoing	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)
FIN13	Accy - remove balance of computer supplies budget	Ongoing	(290)	(290)	(290)	(290)	(290)
FIN14	Accy - saving on extension of capita contract.	Ongoing	(560)	(560)	(560)	(560)	(560)
			(123,260)	**(123,260)**	**(123,260)**	**(123,260)**	**(123,260)**

Savings proposals

		One-off / ongoing	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
HEALTH & HOUSING							
H&H1	Homelessness - tenant's reimbursements of rents paid in advance uplifted	Ongoing	(2,650)	(2,650)	(2,650)	(2,650)	(2,650)
			(2,650)	**(2,650)**	**(2,650)**	**(2,650)**	**(2,650)**
HR, IT & CUSTOMER							
HIC1	Trg & Dev - cut First Aid allowances	Ongoing	(110)	(110)	(110)	(110)	(110)
HIC2	Trg & Dev - cut prof subs	Ongoing	(50)	(50)	(50)	(50)	(50)
HIC3	Trg & Dev - cut fees and hired services	Ongoing	(20)	(20)	(20)	(20)	(20)
HIC4	Trg & Dev - cut telcoms	Ongoing	(170)	(170)	(170)	(170)	(170)
HIC5	Trg & Dev - cut subsistence	Ongoing	(30)	(30)	(30)	(30)	(30)
HIC6	Payroll - cut fees and hired services	Ongoing	(390)	(390)	(390)	(390)	(390)
HIC7	Ocella/Uniform - purchase of software/licence	Ongoing	(37,690)	(37,690)	(37,690)	(37,690)	(37,690)
HIC8	MFDs - consumerable costs	Ongoing	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
HIC9	MFDs - photocopying costs	Ongoing	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
			(48,460)	**(48,460)**	**(48,460)**	**(48,460)**	**(48,460)**

Savings proposals

		One-off / ongoing	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
LEGAL AND DEMOCRATIC							
			0	**0**	**0**	**0**	**0**
PLANNING							
PLNG1	Dev Mngt - Increase in income from pre-app advice (non-household)	Ongoing	(19,000)	(19,000)	(19,000)	(19,000)	(19,000)
			(19,000)	**(19,000)**	**(19,000)**	**(19,000)**	**(19,000)**
STAR CHAMBER (16 Dec) - previous year's rejected savings							
SC1	HR, IT and Customer - HR training Further reduction in corporate training. No direct impact on front-line service provision.	Ongoing	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
SC2	Finance - Octabus Remove council subsidy to the dial-a-ride service	Ongoing	(30,480)	(30,480)	(30,480)	(30,480)	(30,480)
			(35,480)	**(35,480)**	**(35,480)**	**(35,480)**	**(35,480)**
Overall total			**(463,900)**	**(465,400)**	**(465,400)**	**(465,400)**	**(465,400)**

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Growth Proposals

No	Title of bid	Summary	Vale only or joint bid?	Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Notes
ONE-OFF GROWTH BIDS									
CORPORATE MANAGEMENT TEAM									
				0	**0**	**0**	**0**	**0**	
CORPORATE STRATEGY									
JCORREV1	Green waste support	The administration of the garden waste service is in the process of being outsourced. This bid represents the one-off costs of that outsourcing exercise.	Joint	100,000	0	0	0	0	
				100,000	**0**	**0**	**0**	**0**	
ECONOMY, LEISURE AND PROPERTY									
JELPREV1	Leisure centre condition surveys	Condition surveys of the councils' leisure centres will need to be undertaken during 2012/13 in order to ensure that current information on the condition of the facilities in both districts is available to contractors tendering for the leisure management contract. It is planned that tender documents will be issued early in 2013/14 year.	Joint	30,000	0	0	0	0	
JELPREV2	Leisure consultancy support for 2014 leisure management contract(s)	Consultancy to advise on the leisure management contract(s) procurement process	Joint	8,500	13,500	3,000	0	0	
JELPREV3	Support for 2012 celebrations	The Olympic torch relay will be travelling through both districts in July 2012. The attraction of seeing the torch is likely to bring people into our town and village centres. In addition, it is likely that other events will develop during the Olympic year, as well as the celebrations for the Queen's jubilee. This bid is in anticipation of events as yet unknown, but which could include control and management of large crowds, supporting, promoting and advertising events, temporary public conveniences and additional cleaning of council-owned land and property	Joint	10,000	0	0	0	0	
JELPREV4	Olympic legacy – information leaflets on 2012 sporting opportunities	To create a lasting legacy from the 2012 Olympics, we would like to work with local clubs and create a brochure for the Olympic year that identifies every sports club in both Vale and South and contains all the contact details. We would also include a full timetable of activities and opportunities for both adults and children to get involved in the sport of their choice locally.	Joint	3,500	0	0	0	0	

Growth Proposals

No	Title of bid	Summary	Vale only or joint bid?	Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Notes
ONE-OFF GROWTH BIDS (continued)									
VELPREV1	Participation co-ordinator	The participation co-ordinator would be a continuation of the current Go Active co-ordinator post, but with a wider project remit to include young people and focus on priority. Go Active was a three year externally-funded project that ran from December 2008 – December 2011 focussing on adult (16 plus) participation in sport and activity. This bid is to extend the role until 2014	Vale	25,000	0	0	0	0	1
VELPREV3	Printing and promotion	To promote the changes at the Wantage Civic Hall regarding catering, removal of the premium rate, creation of new party packages and introduction of new activities, it is necessary to have a budget for promotions. This would include printing of booking forms, newsletters and posters as well as advertising in local publications to raise the profile and so increase usage and income long term.	Vale	5,000	0	0	0	0	
VELPREV4	Replacement of worn out carpets and decoration of internal walls at Wantage Civic Hall (internal redecoration element - carpets included in capital growth bids)	To replace the worn out carpets and repaint the internal walls at Wantage Civic Hall. Exploring options for the further development of Wantage Civic Hall as a successful community facility has been identified as a priority in the draft corporate plan. The threadbare areas of carpet, which are held down with gaffer tape, have been identified in the health and safety audit as a trip hazard and need to be replaced. The internal walls of the facility are in need of redecoration. In order to develop the facility further, we first need to ensure that the Civic Hall is in good condition in order to provide a safe and welcoming venue for users to visit.	Vale	13,000	0	0	0	0	2
VELPREV7	Westway Shopping Centre - strategic property advice	The Vale Council, as part of a consortium of land owners, presently proposes to sell off part of its freehold interest in this site for a food store development, which if successful will generate a substantial capital receipt. Part of that receipt is earmarked for a refurbishment of the remaining centre in order to upgrade the appearance of the centre and its appeal to shoppers and retailers. This work will require the services of a number of professionals and this bid is to fund those costs for 2012/13	Vale	30,000	0	0	0	0	
VELPREV8	Strategic property review implementation	A strategic property review (SPR) of the Vale Council's assets is underway and is due to report by end of quarter three this year. This will consider the performance of existing council-owned properties and review whether there are opportunities for disposal or investment in assets in order to maximise financial return or service delivery. Whilst the outcome of the SPR is not known, it is expected that consultants' advice will be required in relation to the implementation phase, the fees for which could not be found out of the existing budget code. This growth bid is therefore to cover the estimated shortfall	Vale	20,000		0	0	0	
VELPREV9	New Wantage/Grove leisure centre feasibility work	Reviewing the potential for building a new leisure centre in Wantage/Grove as the town expands is identified as an objective in the draft corporate plan. A budget will be required in order to undertake initial feasibility work, which will make recommendations, such as the facilities to include, estimated build cost, projected revenue return and estimated usage.	Vale	30,000	0	0	0	0	
				175,000	**13,500**	**3,000**	**0**	**0**	

Growth Proposals

No	Title of bid	Summary	Vale only or joint bid?	Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Notes
ONE-OFF GROWTH BIDS (continued)									
FINANCE									
JFINREV1	Costs of accountancy restructure	There will be a cost attached to the agreed restructure of accountancy. These costs are to fund the necessary training to ensure all budget holders are aware of their responsibilities and also capable of carrying out those duties. As part of the restructure a full review of the accountancy systems was recommended and therefore there will be a need to engage a systems accountancy specialist to do this.	Joint	50,000					
				50,000	**0**	**0**	**0**	**0**	
HR, IT & CUSTOMER SERVICES									
VHICREV1	Automatic BLPU Creation	Purchase of software which will help to create a solid basis for all future GIS data capture at Vale of White Horse, thereby improving the speed and accuracy level at which the data capture team will be able to work, and accelerating the usefulness of the proposed joint Corporate GIS at Vale (where there is currently lack of data, both in quantity and quality), it is desirable to create an accurate polygon for each Basic Land and Property Unit in the district. This will enable more efficient working, for instance automated responses to search requests. Without this, updates will have to be done manually which will take longer.	Vale	15,000	0	0	0	0	
				15,000	**0**	**0**	**0**	**0**	
LEGAL & DEMOCRATIC									
JLEGREV3	External legal fees for 2014 leisure management contract	All four existing leisure management contracts in South and the Vale expire on 31 August 2014. Work has already commenced on planning the procurement process for the 2014 contract(s) – although no formal decision has yet been taken as to whether this will be a shared or separate contracts. The in-house legal team do not have the capacity to deal with the volume of work arising from this project, of which elements will require specialist legal expertise which will need to be sourced externally	Joint	7,500	12,500	5,000	0	0	
				7,500	**12,500**	**5,000**	**0**	**0**	
	TOTAL ONE-OFF			**347,500**	**26,000**	**8,000**	**0**	**0**	

Growth Proposals

No	Title of bid	Summary	Vale only or joint bid?	Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Notes
ONGOING GROWTH BIDS									
CORPORATE STRATEGY									
JCORCAP2	Electrical equipment - recycling provision *NB: Original bid for capital - changed to revenue as de minimus following star chamber 16 Dec 11*	At the moment if people have small electrical equipment eg irons, kettles, toasters they will probably put it in the bin for landfill or take it to the household recycling centre. If the resident takes the item direct to the tip or puts it in landfill we do not get any landfill diversion credit payment nor does it count in our recycling figures. We would like to put one bring bank for electrical equipment in each of the towns - this growth is for the purchase of the bins	Joint	3,000	3,000	3,000	3,000	3,000	
				3,000	**3,000**	**3,000**	**3,000**	**3,000**	
ECONOMY, LEISURE AND PROPERTY									
VELPREV5	Reduction in the income target for the Wantage Civic Hall bar.	Reduce the income target of the Wantage Civic Hall bar by £15,000 to create a more realistic and achievable target. This will be partially offset by a reduction in the supplies budget of £8,000.	Vale	7,000	7,000	7,000	7,000	7,000	
VELPREV6	Loss of income due to the withdrawal of the catering contract	Commission previously taken from Absolute Catering will no longer be achievable following the termination of the contract.	Vale	5,000	5,000	5,000	5,000	5,000	
				12,000	**12,000**	**12,000**	**12,000**	**12,000**	
HR, IT & CUSTOMER SERVICES									
JHICREV1	Shared cash receipting system	At present the two councils operate different cash receipting systems, used for processing not only cash income but also cheques and credit / debit card transactions. This growth bid is to cover the procurement of a shared cash receipting system. With the current system in place at Vale, there is a significant risk of heavy fines for non-compliance.	Joint	70,050	20,050	20,050	20,050	20,050	4
				70,050	**20,050**	**20,050**	**20,050**	**20,050**	

Growth Proposals

No	Title of bid	Summary	Vale only or joint bid?	Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	Notes
ONGOING GROWTH BIDS (continued)									
LEGAL & DEMOCRATIC									
JLEGREV1	Community Safety & CCTV Team Leader	This post is currently part funded £25k per annum by the South and Vale Community Safety Partnership. The remainder of the salary is included in the SODC budget because historically the post holder had responsibility for specific South duties e.g. managing the CCTV town centre contract, PCSO contract and ASB. This post is proposed to include responsibility for CCTV and is no longer strictly speaking a partnership post - this bid therefore reflects the need for this post to be funded internally	Joint	10,520	23,020	23,020	23,020	23,020	
				10,520	**23,020**	**23,020**	**23,020**	**23,020**	
	TOTAL ONGOING			**95,570**	**58,070**	**58,070**	**58,070**	**58,070**	
	GRAND TOTAL			**443,070**	**84,070**	**66,070**	**58,070**	**58,070**	

Notes

1) If the bid is rejected the post will be made redundant in 2011/12, incurring redundancy costs
2) the element of this bid relating to re-carpeting (£23,000) is classified as capital
3) identified savings (not included above) queried with Adrian Duffield
4) bid costs assume moving to the service SODC has with Civica (ie using ICON on a hosted basis)
5) it is anticipated that funding for 2012/13 should mean that no growth is required in year 1

Capital programme 2012/13 to 2016/17

Appendix E

new cost centre	officer resp.		exp. To 31.3.11	working budget 2011/12	actual to end Sept 11	proposed 2011/12	proposed 2012/13	proposed 2013/14	proposed 2014/15	proposed 2015/16	proposed 2016/17	estimated total cost pre rev	estimated total cost now	F/Y Rev. cost once complete
	key		£	£	£	£	£	£	£	£	£	£	£	£
		specific projects										whole project cost		
YA02	PD	Sewage works	70,523	30,000		30,000						100,523	100,523	
YA04	JD	Mobile Home Parks - Base replacement	79,878	15,880								117,758	79,878	
YA05	JD	M H P - Junct. box replacement	60,501	32,900	14,148	24,000	20,000	11,000				115,401	115,501	
YA07	GH	Great Coxwell Church Wall	1,732	19,200	10,928	10,928						20,932	12,660	
YA18	JD	Development of additional plots at Mobile Home Park	8,920	840,000	650	100,000	740,000					848,920	848,920	(9,000)
YA19	JD	Replacement hot water boilers in Abbey House	13,851	1,000								14,851	13,851	
YA20	PD	Revetment works at rivers Ock and Thames	69,717	5,340	3,492	4,700						75,057	74,417	
YA21	JB	Refurbishment of offices Abbey House		15,000	15,000	15,000						15,000	15,000	
YA22	GH	Grant to ATC re Guildhall		1,200,000	1,200,000	1,200,000						1,200,000	1,200,000	
YC06	MT	Pitches, pathways etc at Mably Way Grove VWH cont.	90,519	12,270		12,270						102,789	102,789	3,500
YC15	AB	Public Arts projects funded by contributions	186,217	64,450	1,250	64,450	25,000					250,667	275,667	
YC24	GH	Maintain building fabric - leisure facilities	156,028	228,972	3,900	228,970	200,000					585,000	584,998	
YC25	TG	Grant to Wantage Town Council towards market place refurbishment		250,000								250,000		
YC26	TG	Grant to Vale & Downland Museum for capital works		90,000		90,000						90,000	90,000	
		Grant to WTC re Wantage Manor Park		525,000								525,000		
YD05	**LB**	Interactive forms on website	11,861	18,140	6,230	18,140						30,001	30,001	6,000
YD06	STu	Replace existing PCs across council	21,030	16,470		16,470						37,500	37,500	
YD09	LB	IT infrastructure investment		65,000	14,950	65,000	40,000	145,000	70,000			320,000	320,000	
YD10	LB	IT applications investment		5,000		5,000	25,000					30,000	30,000	
YF04	SL	Capita computer equipment	589,932	27,397		27,397	2,609					619,938	619,938	
	BW	IFRS compliant asset accounting software		20,000		20,000						20,000	20,000	4,000
YH01	PAS	Support development of Social Housing	918,308	81,700			386,700					1,000,008	1,305,008	
YH12	LH	CCTV capital works	77,162	72,800		8,000	64,800					149,962	149,962	
YH14	LS	Enhanced choice-based lettings inc. Oxon wide	10,648	1,480								12,128	10,648	11,860
YH15	STr	Climate change investment fund	60,779	139,221	77,758	139,221						200,000	200,000	(16,175)
YH16	PH	IT for mobile working for EH		12,000			12,000					12,000	12,000	
YH17	LS	Online housing applications		20,000		20,000						20,000	20,000	
YH18	PH	2 noise nuisance recorders		8,600		8,600						8,600	8,600	
YH19	LH	Community Safety partnership capital grants		24,212		24,212						24,212	24,212	
YP01	MT	ABITS implementation	94,524	170,880		115,000						265,404	209,524	
YP02	MT	Southern Central Oxfordshire Transport Study	13,600	30,000			30,000					43,600	43,600	
YP05	KC	Electronic delivery of planning service	77,582	22,421		22,421						100,003	100,003	
YP06	MT	New paths/cycleways	3,029	76,500		76,500						79,529	79,529	
YP11	SM	Cont. to Abingdon Museum access and refurbishment	150,000		150,000	150,000						300,000	300,000	
YP12	KC	Online payment for planning applications		10,000	4,400	10,000						10,000	10,000	
YP13	KC	Electronic consultation on planning applications		8,000		8,000						8,000	8,000	(1,000)
YP14	KC	Planning workflow software		10,000		10,000						10,000	10,000	
YP15	KC	Computerising property planning history		18,000		18,000	18,200	18,500	18,800			73,500	73,500	
YP16	KC	Computerising planning and enforcement history		30,000		30,000						30,000	30,000	
YP17	KC	Capture planning constraints data		10,000		10,000						10,000	10,000	
		total specific schemes	2,766,341	4,227,833	1,502,706	2,582,279	1,564,309	174,500	88,800			7,726,283	7,176,229	(815)

Capital programme 2012/13 to 2016/17

Appendix E

new cost centre	officer resp.		exp. To 31.3.11	working budget 2011/12	actual to end Sept 11	proposed 2011/12	proposed 2012/13	proposed 2013/14	proposed 2014/15	proposed 2015/16	proposed 2016/17	estimated total cost pre rev	estimated total cost now	F/Y Rev. cost once complete
	key		£	£	£	£	£	£	£	£	£	£	£	£
		continuous schemes											5 years from current only	
YA01	PD	Flood Prevention	59,160	263,180	27,284	47,570	195,430	45,000	45,000	45,000	45,000	443,180	375,430	
YC03	IRM	New & upgraded parks facilities	28,448	20,952		20,952	15,000	15,000	15,000	15,000	15,000	80,952	75,000	
YC23	IRM	Additional wheeled bins for new properties		47,200		47,200	47,200	47,200	47,200	47,200	47,200	236,000	236,000	varies
YH05	PH	Renovation/Disabled Grants, mandatory	911,508	1,000,000	411,040	1,000,000	1,000,000	1,000,000	850,000	850,000	850,000	4,700,000	4,550,000	
YH06-09	PH	Renovation/Disabled Grants, discretionary	47,767	128,725	22,928	128,750	50,000	50,000	90,000	90,000	90,000	408,725	370,000	
		total continuous schemes	1,046,883	1,460,057	461,252	1,244,472	1,307,630	1,157,200	1,047,200	1,047,200	1,047,200	5,868,857	5,606,430	
		Proposed future schemes												
		Essential refurbishment of operational property assets						400,000				400,000	400,000	
		Capital bids 2012 see schedule					871,500	100,000	500,000	100,000	100,000		1,671,500	4,000
		West Way shopping centre refurbishment						300,000	1,000,000	500,000		1,500,000	1,800,000	35,000
		proposed new schemes from 2010-11					871,500	800,000	1,500,000	600,000	100,000	1,900,000	3,871,500	39,000
		TOTAL CAPITAL PROGRAMME	3,813,224	5,687,890	1,963,958	3,826,751	3,743,439	2,131,700	2,636,000	1,647,200	1,147,200	15,495,140	16,654,159	38,185
		Proposed funding												
YA01	PD	Flood prevention, Environment Agency grant		(82,270)		(17,000)						(226,300)	(17,000)	
YC06	MT	Pitches, pathways at Mably Way Grove grant rec'd		(12,269)		(12,269)						(33,050)	(12,269)	
YC15	AB	Public Arts projects funded by contributions	(186,217)	(64,449)	(1,250)	(64,450)	(25,000)					(250,000)	(275,667)	
YH01	HN	Support development of Social Housing					(305,000)						(305,000)	
YH05	PH	Gov't subsidy to Disabled Facilities Grant, existing	(510,000)	(510,000)	(510,000)	(510,000)	(510,000)	(510,000)	(510,000)	(510,000)	(510,000)	(2,573,550)	(2,550,000)	
YH19	LH	Community Safety partnership capital grants		(24,212)		(24,212)						(24,212)	(24,212)	
YP05	MG	Electronic delivery of planning service PDG	(77,582)	(22,421)		(22,421)						(100,000)	(100,003)	
YP06	AW	Cyclepath Willow walk. Contribution from developer	(2,000)	(48,000)		(48,000)						(50,000)	(50,000)	
		Balance from capital receipts		(4,924,269)	(1,452,708)	(3,128,399)	(2,903,439)	(1,621,700)	(2,126,000)	(1,137,200)	(637,200)	(12,238,028)	(13,320,008)	
		Capital receipt b/f from previous year		7,661,971		7,661,971	4,633,572	5,780,133	6,608,433	6,597,433	5,460,233			
		projected increase in capital receipts in year		1,000,000	100,000	100,000	4,050,000	2,450,000	2,115,000					
		Capital receipt balance to c/f		3,737,702		4,633,572	5,780,133	6,608,433	6,597,433	5,460,233	4,823,033			

Capital growth bids

No	Title of bid	Summary	Vale only or joint bid?	CAPITAL SPEND Spending profile:					One-off or rolling	REVENUE CONSEQUENCES Spending profile:				
				2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £		2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
CORPORATE STRATEGY														
JCORCAP1	Econsultation system	Software to support consultations carried out across both councils. This will enable us to continue to meet legal consultation requirements, improve the quality of consultations, the experience of those taking part and reduce the resources needed to gather feedback to inform decision making.	Joint	12,500	0	0	0	0	One-off	3,000	3,000	3,000	3,000	3,000
				12,500	**0**	**0**	**0**	**0**		**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
ECONOMY LEISURE AND PROPERTY														
VELPCAP1	Sewage treatment works (STW)	This growth bid is for works to STWs at Challow and Sparsholt	Vale	50,000	0	0	0		One-off	0	0	0	0	0
VELPCAP2	Replacement of artificial turf pitches (ATPs) at Tilsley Park	To replace the carpets and shock pads on both full-sized ATPs at Tilsley Park. The normal life expectancy for these facilities is eight to ten years and these carpets are now 16 years old and are being increasingly patched and repaired with growing health and safety concerns.	Vale	350,000	0	0	0	0	One-off	20,000	0	0	0	0
VELPCAP3	Wi-Fi for Vale towns	A pilot exercise is currently proposed to implement a free Wi-Fi service in Wantage centre, the cost to be met from existing resources within economic development. Cabinet wish to extend this to other Vale towns. This bid is for the hardware and software required.	Vale	19,000	0	0	0	0	One-off	0	0	0	0	0
VELPCAP4	Leisure centre essential works 2014/15	Essential capital maintenance works at the Vale leisure centres for 2014/15. The funds will be used to maintain the physical condition of the facilities, including plant and equipment, to a standard that maintains customer satisfaction, use and income.	Vale	0	0	250,000	0	0	One-off	0	0	0	0	0
VELPCAP5	External refurb of Faringdon swimming pool (orginally submitted as revenue growth bid)	External refurb of Faringdon swimming pool is required to maintain the fabric of the swimming pool building.	Vale	25,000	0	0	0	0	One-off					
VELPCAP6	Replacement of worn out carpets at Wantage Civic Hall	Exploring options for the further development of Wantage Civic Hall as a successful community facility has been identified as a priority in the draft corporate plan. The threadbare areas of carpet, held down with gaffer tape, are a health and safety hazard and need to be replaced.	Vale	23,000	0	0	0	0	One-off					
VELPCAP7	Capital community grants	Grants will be awarded to community groups as part funding for capital projects.	Vale	100,000	100,000	100,000	100,000	100,000	recurring					
				567,000	**100,000**	**350,000**	**100,000**	**100,000**		**20,000**	**0**	**0**	**0**	**0**

Capital growth bids

No	Title of bid	Summary	Vale only or joint bid?	CAPITAL SPEND Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	One-off or rolling	REVENUE CONSEQUENCES Spending profile: 2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
HOUSING AND HEALTH														
VHAHCAP1	Open market homebuy scheme	In partnership with Catalyst Housing Group. The Council would provide £550K, matched by Catalyst, to provide eligible applicants with a loan of up to £50K (£25K from Vale, £25K from Catalyst) to assist with the purchase of a home on the open market. This would help 20 families into home ownership. It is intended that this would be local people and/or posible armed services personnel. Similar scheme operates at SODC and has been very successful with 75 applications for the 10 loans. However it is not intended that the	Vale	250,000	0	0	0	0	One-off	0	0	0	0	0
VHAHCAP2	Implementation of on-line web advice	Software to implement on-line web advice and on-line housing renewals and change of circumstances identified in FFTF process. The revenue savings are already reflected in H&H revenue base budgets. This is a joint bid for both councils as the housing needs team is now a joint team	Joint	24,500	0	0	0	0		1,000	1,000	1,000	1,000	1,000
				274,500	**0**	**0**	**0**	**0**		**1,000**	**1,000**	**1,000**	**1,000**	**1,000**
LEGAL & DEMOCRATIC														
JLEGCAP1	Replacement time recording and case management system for the Shared Legal Services team.	Replacing the current Axxia time recording and case management (South) and Timebase time recording (Vale) systems. A county-wide project group has been set up to investigate the possibility of a joint procurement in order to maximise discounts and expertise.	Joint	7,500	0	0	0	0	One-off	0	0	0	0	0
VLEGCAP1	Purchase of fire proof cabinets for storage of the Council Deeds and Documents.	Fourteen additional (reconditioned) fire proof cabinets required for the safe and secure storage of the Council Deeds and Documents once they have been removed from the strong room in the Guildhall.	Vale	10,000	0	0	0	0	One-off	0	0	0	0	0
				17,500	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**
Possible future bid - ECONOMY LEISURE AND PROPERTY														
VELPCAP8	Refurbishment of Emcor House, Hatfield	The lease on this investment property expires in 2014. One possible alternative then would be an open market re-let which would require some expenditure to modernise the property.	Vale	0	0	150,000	0		One-off	0	0	0	0	0
	GRAND TOTAL			871,500	100,000	500,000	100,000	100,000		24,000	4,000	4,000	4,000	4,000

Reconciliation of capital bid adjustments since Scrutiny Committee

Movements in capital bids are as follows:

Ref	Service	Description	Vale only or joint bid	Capital spend 2012/13	Capital spend 2013/14	Capital spend 2014/15	Capital spend 2015/16	Capital spend 2016/17	One-off or rolling	Revenue consequences 2012/13	Revenue consequences 2013/14	Revenue consequences 2014/15	Revenue consequences 2015/16	Revenue consequences 2016/17
JCORCAP2	Corporate Strategy	T/f bid for electrical equipment recycling provision to revenue	Joint	(3,000)	0	0	0	0	One-off	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
VELPCAP7	Economy, Leisure & Property	Capital Community Grants	Vale	100,000	100,000	100,000	100,000	100,000	Recurring	0	0	0	0	0
VHAHCAP1	Housing	Open market homebuy pilot scheme	Vale	(300,000)										
VELPCAP8	Economy, Leisure & Property	Refurbishment of Emcor House	Vale	0	0	150,000	0	0	One-off	0	0	0	0	0
				(203,000)	**100,000**	**250,000**	**100,000**	**100,000**		**(3,000)**	**(3,000)**	**(3,000)**	**(3,000)**	**(3,000)**

Prudential Indicators

1 This appendix sets out the capital prudential indicators which should be considered by the Council when setting its budget. The Council also has to set indicators in relation to Treasury Management and these are included in the Treasury Management Strategy which is on the agenda under references from the Cabinet.

Capital expenditure plans

2 The Council is required to estimate the capital expenditure that it plans to incur in 2012/13 and the following two financial years. It should also approve the actual expenditure in 2010-11 and revised expenditure in 2011-12. The forecast figures are taken from the proposed capital programme for 2012-13 included at Appendix E or the 2010/11 Statement of Accounts for the actuals.

3 In considering its programme for capital investment, the Council is required within the Prudential Code to have regard to:

- Affordability, e.g. implications for Council Tax
- Prudence and sustainability, e.g. implications for external borrowing
- Value for money, e.g. option appraisal
- Stewardship of assets, e.g. asset management planning
- Service objectives, e.g. strategic planning for the authority
- Practicality, e.g. achievability of the proposed programme

Capital programme

all amounts £'000	actual 2010/11	revised 2011/12	proposed 2012/13	proposed 2013/14	proposed 2014/15
agreed/proposed capital programme (limit)	4,727	3,827	3.743	2,132	2,636
Funded from:					
gov't and other grants	546	550	510	510	510
contributions	47	149	330		
capital receipts	4,134	3,128	2,903	1,622	2,126

Ratio of financing costs to net revenue stream.

4 The code defines financing cost as the net result of interest paid and received and is intended to show how much of the revenue expenditure is servicing debt. In this authority it will amount to interest received and will be negative. The figure shown as "net revenue stream" is the budget requirement as in the MTFP (Appendix A). The higher the ratio, the greater the contribution of interest to the net cost of services. This figure is not very meaningful in isolation and does not allow for the fact that an interest producing asset (cash) may have been swapped for a non-interest producing asset (property) which produces income as rents received.

all amounts £'000	actual 2010/11	original budget 2011/12	proposed 2012/13	proposed 2013/14	proposed 2014/15
financing costs	(320)	(372)	(418)	(537)	(743)
net revenue stream	12,957	11,393	10,744	10,338	10,101
ratio of financing costs to net revenue stream	(2.5%)	(3.3%)	(3.9%)	(5.2%)	(7.4%)

Capital Financing Requirement (the council's borrowing requirement)

5 This is designed to measure the authority's underlying need to borrow, or finance by other long-term liabilities, capital expenditure. It is not a straightforward concept especially in a debt-free authority since it is designed to show that medium term net borrowing will only be for a capital purpose. Borrowing may not necessarily take place externally but the authority may be, in effect, lending to itself. Net borrowing should not, except in the short term, exceed the total of the preceding year's capital financing requirement plus the estimate of any additional capital requirement. Any increased cost of borrowing would fall on the council tax.

6 This authority does not intend to borrow to fund its capital programme. There are operational and authorised limits for borrowing in the Treasury Management Strategy for approval but these are for use in the very short term to cover a temporary cash shortage should one arise.

7 At the end of March 2011 the council's CFR was (£22,000). This is as expected – a need to borrow would be a positive figure. This is not expected to change.

The use of the Council's resources and the investment position

8 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or support the revenue budget will have an impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated cash flow balances.

Year End Resources All amounts £'000	2011/12 original	2011/12 revised	2012/13 estimate	2013/14 estimate	2014/15 estimate
Capital receipts	4,532	4,634	5,480	6,308	6,297
Funds and reserves	2,800	3,995	4,550	4,824	5,101
Total Core Funds	**7,332**	**8,629**	**10,030**	**11,132**	**11,398**
Working Capital*	2,588	4,271	4,686	4,354	4,459
Expected Investments	**9,920**	**12,900**	**14,716**	**15,486**	**15,857**

*Working capital balances are estimated at year end and will be higher during the year.

Effect on council tax

9 Estimates of the incremental impact of the capital expenditure proposed in this report compared to the council's existing approved commitments and current plans are:

addition (reduction) to band D council tax

Amounts £.p	2012/13	2013/14	2014/15
loss of interest on funds held	0.12	0.30	0.54
estimated revenue consequences of new schemes in each year.	0.49	0.08	0.08
net effect of new schemes in year	0.61	0.38	0.62

These figures reflect the predicted net loss of interest on the funds used for new capital expenditure and the revenue costs or savings that would result directly from the schemes.

Appendix H

Report of the chief financial officer on the robustness of the budget estimates and the adequacy of the reserves

1. Section 25 of the Local Government Act 2003 places a duty on the chief finance officer (the strategic director and chief finance officer) to make a report to the council on the robustness of the estimates and the adequacy of the reserves. This report fulfils this requirement and provides councillors with assurance that the budgets have been compiled appropriately and that the level of reserves is adequate. It is a statutory requirement that councillors must consider this report when considering and approving a budget.

2. In presenting this report the chief finance officer is mindful of other associated statutory safeguards designed to prevent the authority from over-committing itself financially:

   - Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the chief financial officer has personal responsibility for such administration

   - Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget

   - The Prudential Code introduced as part of the Local Government Act 2003 sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates

   - The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

3. To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the chief finance officer to report to all the authority's councillors, in consultation with the Monitoring Officer, if there is or is likely to be unlawful expenditure or an unbalanced budget.

Robustness of the budget estimates

PREPARATION, REVIEW & SCRUTINY

4. In accordance with best practice and using accruals accounting, the council provides for realistic estimates of costs and known liabilities.

5. The detailed budget estimates have been prepared jointly by the heads of service and appropriately qualified staff from the council's financial services team. These have been reviewed and challenged by the chief accountant, the head of finance, and the council's management team.

6. Throughout the budget build process there have been regular meetings with and updates provided to the council's cabinet members, and in particular the cabinet member with responsibility for finance.

REVENUE BUDGET

7. The most significant costs within the revenue budget are:

   - staff salaries and related costs
   - payments under contracts for services
   - housing and council tax benefit payments

8. The estimates of staff costs are prepared by calculating the cost of employing each member of staff for the full year. The budget also includes the costs of recruiting to posts that are currently vacant, unless it has been decided that the post will not be filled. The costs include incremental progression and an allowance for the cost of living increase set under the local pay agreement. All of these are known when the budgets are set.

9. The risk of overspending on staff costs is therefore considered negligible. The risk of under-spending on staff costs is high, but rather than assume a level of expected vacancy savings, the council's policy is to budget at the 100% level in-year. Then, any vacancy savings will be identified during the budget monitoring process and any underspend would contribute to the level of General Fund balances at year end and may be used to support the revenue budgets in later years.

10. The costs of the most significant council contracts are linked to increases in the various price indices, usually the retail prices index (RPI). The RPI is known when the budgets are set and the budget reflects any estimated contract inflation. Allowance has also been made within the budget for additional costs arising from increased demand for services (e.g. additional properties leading to increased waste collection costs).

11. The risk of overspending on contract costs is therefore considered small. There remains a financial risk from a contractor failing to deliver services in accordance with the contract. Such risks are managed through the council's contract monitoring and risk management procedures, but cannot be eliminated.

12. The costs of housing and council tax benefits are largely met through government subsidy. The financial risk to the council should these costs increase significantly is small, because a very high percentage of the cost is met by the subsidy. The level of local authority benefit errors has caused a loss in subsidy in previous years, although this has so far been reimbursed by the financial services contractor. The error rate has fallen recently thanks to active management and the level of local authority errors in the latest grant subsidy claim for 2010/11 is safely below the government's threshold. The risk of any cost falling on the council is therefore low and continues to be mitigated by close contract management.

13. The areas of expenditure where there is a greater level of risk are within the demand led budgets such as the costs of homelessness (including bed and breakfast costs). Experience of demand in 2009/10, 2010/11 and so far in 2011/12 has been used to inform the 2012/13 budget.

14. However, these form a relatively small part of the council's gross revenue expenditure and heads of service manage these risks through monitoring activity and the performance management and budget monitoring processes.

15. As part of the budget setting process consideration has been given to new income streams to the council proposed by the government. These include:

- Council tax freeze grant. Details regarding the s.31 council tax freeze grant for both 11/12 (four years) and 12/13 (one year only) have been clarified and, as such, funding from this income stream has been included in the budget.

- New Homes Bonus (NHB) and general government funding. The council also has a high degree of certainty around the first two tranches of NHB, as these amounts have been confirmed by the government department for Communities and Local Government. Future year figures are based on the best estimates of council officers and therefore, whilst every care has been taken in preparing these estimates, they can only be considered provisional.

  The Government's Comprehensive Spending Review (CSR) in 2010 indicated that later tranches of NHB would be funded from reductions in general government grant – however, until more detailed guidance is released no further reductions in grant other than those already shown have been included.

  The government has also consulted on reforming general grant funding by shifting from the current needs-based formula grant approach to an incentivised localisation of business rates approach. Until more detailed guidance is released it is not possible to confirm whether the council is likely to be a net gainer or net loser relative to current grant funding.

  With so much fundamental reform in local government funding and so many unquantifiable variables, there is a significant risk that future government income forecasts may be over estimated. There is no immediate danger and the 2012/13 annual budget is unaffected. However, the medium term financial plan (MTFP) may need to be substantially amended next year after further government guidance is made available, which could necessitate further cost reductions and service cuts.

- Planning fees – full cost recovery. The previous (11/12) MTFP had included an estimate for increased income as a result of the council being allowed to set its own planning fees in order to recover the costs of planning service (within certain limitations). The legislation was supposed to become statute in 2011/12; due to a lengthy consultation process, this is now not likely to happen before 1 April 2013. Therefore, no increase in planning fee income as a result of this proposal has been included in this MTFP.

This means that the medium term financial plan viability has some exposure to risk, should the government alter its proposals – however this level of risk is considered acceptable in the light of known factors. The 2012/13 annual budget is not so exposed to risk as the government financial reforms will not be introduced until 2013/14 and the council's high level of revenue reserves cushions us from any immediate budgetary pressures.

16. A number of revenue income streams are sensitive to changes in market conditions and therefore there will always be a risk that budgeted targets are not met. These include planning fees, building control fees, and land charge fees which all respond directly to the fluctuating characteristics of the housing market. Car parking income can also be volatile and responds to the general economy and retail market. Previous budget-setting exercises made significant adjustments to reflect lower income projections due to the economic downturn. Further adjustments have been made for 2012/13 refining budgets in light of actual patterns.

17. In order to minimise the risk of budgeted income not being achieved, the council takes a prudent approach when calculating the revenue income budgets. This prudent approach is also applied to any debts due and appropriate provisions are made for bad or doubtful debts.

INVESTMENT INCOME

18. The council has a substantial investment portfolio (both cash and investment property) which it relies upon to support the revenue cost of services. Therefore the council is extremely sensitive to changes in investment income. The continuing impact of the low interest rates (with the anticipated future slow rise) and the effects of the property market downturn have been factored in to the MTFP reported as part of the budget setting report.

19. Investments have been diversified in accordance with the treasury management strategy, and the earnings assumptions in the budget are set prudently. This investment income is budgeted for and committed in the year it is earned. There is therefore some level of uncertainty about the amount available when the budgets are set, and consequently a prudent estimate has been made of future earnings.

REVENUE CONTINGENCY SUM & OVERALL REVENUE BUDGET

20. The base budget presented to scrutiny committee in December included a contingency sum of £214,720. Some of this amount (£64,720) is for events that have been identified as ‘allocated’ contingencies for which there is still uncertainty around the likelihood and amount, and the balance (£150,000) is for purely unforeseen events. Past experience has proved that this is considered a prudent amount to cover the inevitable uncertainty within the budget.

21. Because of the prudent approach to budgeting outlined above, with the exception of future government grant funding which is highly uncertain at the current time, it is considered that the risk of overspending on the revenue budget is small. Should this occur then the council has adequate revenue reserves in the short term to cover additional costs. Longer term pressures would mean the MTFP would have to be reviewed.

CAPITAL PROGRAMME

22. Over recent years the council has adopted a more rigorous approach to the preparation of its capital programme. The council has implemented a project

management system that is used to manage capital schemes. These measures reduce the risks of both overspends and slippage in the programme

23. For major projects the council engages skilled advisors to assist it. While these measures can reduce and manage risks, by their nature some capital schemes will still contain significant financial risks. This is particularly the case with major redevelopments where the council has chosen to be an active partner, sharing both risks and rewards.

24. In the capital programme recommended to the cabinet, allowance has been made for works considered necessary to the council's land and property assets including, in the case of leisure centres, those needed in order to maintain the facilities and retain customers.

25. In estimating additional capital receipts a view has been taken of the income to be obtained from future asset disposals.

26. The council has a sufficient reserve to meet any potential capital programme overspends, although the programme shows the level of capital reserves temporarily dipping below the 'self-imposed' £5 million threshold. While the use of these reserves would reduce the interest income earned, the current low rates available mean the impact would not be significant.

MEDIUM TERM FINANCIAL PLAN

27. In addition to the 2012/13 budget proposals, we have included a MTFP within the budget report. The plan sets out provisional revenue spending plans and the estimated use of reserves through to 2016/17.

BUDGET MONITORING

28. The council has a budget monitoring process for both its revenue budget and capital programme. System reports are produced monthly and considered by heads of service, the head of finance, management team and the cabinet member with responsibility for finance. Formal reports are considered by the cabinet quarterly.

29. The prudential code has also introduced a rigorous system of prudential indicators, which explicitly require regard to affordability, prudence, value for money, stewardship, service objectives and practicality. This is backed up by a specific requirement to monitor performance against forward-looking indicators and report and act on significant deviations.

RISK MANAGEMENT & INSURANCE

30. We adopted a risk management strategy in July 2005. Management Team regularly revises the corporate risk register in light of changing conditions. Service teams have taken account of the risk management work in their service plans for 2011/12 and will review their risk management plans before finalising their 2012/13 service plans. In 2006 we worked with Garrison Security to prepare business continuity plans, which are now in place.

31. In addition to the various measures outlined above, certain financial risks are mitigated by the council's insurance arrangements which were reviewed as part of re-letting a contract for insurance services from April 2011.

Adequacy of Reserves

32. The Chartered Institute of Public Finance and Accountancy has issued guidance on local authority reserves and balances in LAAP Bulletin 55. It sets out the three main purposes for which reserves can be held.

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – which forms part of general reserves.
- a contingency to cushion the impact of unexpected events or emergencies – also part of general reserves.
- a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

33. The council held £3,325,792 in its general fund as at 1 April 2011 and, over the term of the MTFP intends to maintain this at a level that is no less than approximately 10% of the annual budget requirement (when the Audit Commission recommends at least 5%); this is likely to be sufficient to cover uneven cash flow and all but the most serious emergency. In addition, the recommended revenue budget contains an adequate contingency sum to cover unanticipated costs.

34. Finally the council has unspent capital receipts of £9.78 million at 1 April 2011 which form the capital reserve.

Conclusion

35. The budget estimates have been prepared following a properly controlled and professionally supported process. They have been subject to due consideration and the identifiable risks should be capable of management.

36. Overall, I believe the level of reserves is adequate in relation to the proposed revenue budget and capital programme, the estimates are robust and the budgets are sustainable. There is greater risk than would ordinarily be considered acceptable around the government funding estimates but the council has time over the next 12 months to review these in light of further government guidance.

Steve Bishop (Strategic director and chief finance officer) 9 February 2012

Cabinet Report

Vale of White Horse District Council

Report of Head of Corporate Strategy

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Report no. 70/11

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To: CABINET

DATE: 10 February 2012

Vale of White Horse Corporate Plan 2012 -2016

Recommendations

(a) That Cabinet agree the proposed changes to the draft 2012-2016 corporate plan, set out in the report.

(b) That the Head of Corporate Strategy is authorised to make any further minor editorial changes required in consultation with the Leader of the Council prior to final approval by Council.

(c) That Cabinet recommend that Council adopts the 2012 – 2016 corporate plan contained in **Appendix B**

Purpose of Report

1. The purpose of this report is to agree the council's corporate plan for the period 2012 to 2016.

Strategic Objectives

2. The development of the council's corporate plan is fundamental to the way that the council manages its business effectively. The purpose of the plan is to

identify the strategic objectives and corporate priorities, which will drive the council's business during a four year period and help to guide decisions on the allocation of resources. The draft corporate plan for the period 2012 – 2016 proposes a set of new objectives, priorities and measures of success to replace those set out in the current corporate plan, which ends on 31 March 2012.

Background

3. In May 2011, the council began work on a fundamental review of the current corporate plan, which comes to an end on 31 March 2012. We involved many stakeholders in the development of a new draft corporate plan, including workshops with councillors and residents, and inviting comments from residents, local councils and staff.

4. We undertook formal consultation on the draft corporate plan between 14 October 2011 and 3 January 2012 using a range of methods including:

    - publicity through local media outlets
    - direct mail to local councils, disability equality panel and ethnicity panel
    - workshop at the voluntary sector forum in November 2011 and information about the consultation through a key local voluntary sector publication and website
    - articles in newsletters to local councils and an information stand at the town and parish council forum in November 2011
    - two discussions with scrutiny committee in November and December 2011 to enable the committee to make comments and observations on the draft
    - consultation with staff.

5. In addition to this formal consultation on the draft, the council also carried out a residents' panel survey using questionnaires and we have used the results of the survey to help to validate the priorities contained with the draft corporate plan.

Consultation results and amendments to the draft corporate plan

6. Appendix A sets out responses we received to formal consultation on the draft plan. For each comment received we have provided a response and/or a proposed change to the draft plan.

7. In addition to comments on specific priorities and measures, we also received general comments on the overall presentation of the plan. In particular, we were asked to make the plan easier to understand and provide more background and context for the objectives and priorities identified. We have,

therefore, included some explanatory text for each section of the corporate plan for Cabinet to consider.

8. In addition to general consultation, we held two discussion workshops with scrutiny committee in November and December 2011. In response to the comments made by scrutiny committee we have made the following amendments and revisions to the draft plan:

    - included a general introduction to the corporate plan including information about the council's partnership working and other key objectives and strategies

    - included an introduction to each section to provide additional information and explanation about why specific priorities and measures have been selected and what the council can do

    - reworded some priorities and measures to make them clearer, and added some new measures

    - reviewed and amended the priority relating to improving broadband provision in the section on building the local economy to better reflect the current partnership work and aims relating to broadband improvements across Oxfordshire and the Council's role as a partner in this larger project.

9. We have used the results of the citizens' panel survey (December 2011) to provide further evidence about which services and issues are most important to residents. In the survey, the services ranked as the top five most important by residents were:

    - waste and recycling

    - keeping the area clean and litter free

    - reducing crime, fear of crime and antisocial behaviour

    - sports and leisure facilities

    - planning applications and enforcement.

10. The top four services are all specific priorities within the draft corporate plan and targets are set for determining planning applications in the section on meeting housing need.

11. The results of the formal consultation and the proposed changes in response to this are set out as follows:

- **Appendix A –** a table of the key comments and suggestions received with a response and or proposed change

- **Appendix B –** a revised corporate plan, including new introductory and explanatory text for each section and with proposed changes to the priorities and measures incorporated and highlighted

12. Detailed actions for delivering the priorities within the corporate plan will be included in annual service plans.

Financial Implications

13. There are no direct financial implications arising from this report although the corporate plan will be used to guide decisions on the allocation of resources.

Legal Implications

14. There are no legal implications arising from this report.

Risks

15. Risks will need to be identified specific to individual corporate priorities and included in the operational service area risk register. The key corporate risks arising from this report are reputational ones of demonstrating listening to the feedback we received and reflecting the views of residents in our plan; and of agreeing a final plan that we can deliver good performance on.

Conclusion

16. We have carried out a major review of the corporate plan, and developed, in consultation with stakeholders, a draft plan for 2012-2016 setting out new objectives, priorities and measures. Following a formal consultation with many stakeholders we have proposed some amendments to the draft plan, set out in **Appendix B,** for Cabinet to consider. The plan will provide a focus for the council's work over the four year period and will also guide decisions on allocation of resources.

17. Cabinet is asked to finalise the corporate plan in February 2012, for adoption by Council when it meets on 22 February 2012

Background Papers

- Vale of White Horse Corporate Plan 2009 -2012
- Oxfordshire 2030
- Vale of White Horse sustainable community strategy
- notes of consultation workshops with residents
- notes of consultation workshops with councillors
- verbatim report of responses to formal consultation on draft corporate plan 2012-2016
- report of Vale of White Horse citizens' panel survey, December 2011
- corporate plan 2012 -2016 consultation questionnaire.

Annex A

RESPONSES FROM FORMAL CONSULTATION (INDIVIDUALS, LOCAL COUNCILS, ORGANISATIONS)

General	
It currently lacks an objective and measures along the lines of "to protect and enhance the built and natural environment and improve quality of life", environmental aspects being one of the three key elements of sustainable development. The corporate plan presumably will feed into an update of the sustainable community strategy. Should there be a rural/village dimension under 'building the local economy'? There should be an overall vision or mission statement. Aspects of the draft spatial strategy (approach to or guiding principles for the location of development) cabinet have agreed for the emerging core strategy, as below, might be useful to the phrasing of a vision. The core strategy should give spatial expression to the council's community strategy, so it is important the two documents align and are a consistent with the corporate plan.	We have included the Sustainable Community Strategy Vision as the overarching vision for the district to make this clearer and provided text for each section to expand on what the council's aims are. **Proposed change: include SCS vision and add explanatory text throughout**
Agree with the priority areas but it would be nice to see some definite link between District Council and County Council mentioned, particularly in relation to highways maintenance. It is admirable to support improvements to Wantage etc but the roads into it from surrounding villages are becoming a patchwork quilt of repairs.	The council works with Oxfordshire County Council and a number of other partners on a range of issues. Rather than add a priority for working with a specific partner or partners we have included a statement on the councils commitment to partnership working and advocating on behalf of residents in the introduction to the plan. **Proposed change: include statement about partnership working in introduction to the plan.**
All sounds lovely if you live in Wantage or another larger town, But all Faringdon gets is social housing and no services to support the infrastructure of more people moving in! You have done the bare minimum in rural areas like ours. Nothing in this as usual because we are on the fringe of VOWH (Faringdon)	The section on communities deals specifically with services and facilities for rural areas and the economy section applies to all market towns and supporting business across the whole of the district. The section on meeting housing need addresses infrastructure requirements for developments

Mentions Abingdon (surprise surprise!) but again nothing about Faringdon, you keep building social housing here but have failed to improve any of the infrastructure that is desperately needed in areas like this.	**No change proposed**
There is a statement of what the District Council intends to do then a statement on how any success will be measured. What seems to be missing is a clear statement on how things…will actually be done. Success can only be measured once steps have been taken to implement the proposals. There is no indication of what those steps will be	As this is a very high level/strategic document, it is not appropriate to include in it the level of detail required of action plans for individual priorities. However, the plan makes it clear that detailed action plans will be developed. **Proposed change: include reference to action plans in introduction to the plan.**

Excellent delivery of key services	
COMMENT RECEIVED	PROPOSED AMENDMENT OR RESPONSE
Environment is missing Protecting the environment	The plan includes protection of public and open spaces in terms of litter, fly tipping etc, and recycling is also a priority. The priorities around reducing mileage and energy usage are included under our objective to manage our resources effectively. We will continue to protect the natural and built environment through our planning policies as appropriate. Protecting the environment was the sixth priority out of 15 in the December 2011 citizen's panel report. **No change proposed**
Strengthen enforcement of noise nuisance laws and regulations offering effective remedies to those affected by noise nuisance through better environmental policy and licensing laws enforcement. Include measure 'percentage of noise nuisance complaints settled successfully within six months'	Noise issues are covered by community safety objectives in the community safety plan. **No change proposed**
Need to ensure that all members of the community have equal access to services, e.g. older people, young people Ensure everyone has a voice and minority groups needs are considered not just those	**Proposed change: to ensure that the council's commitment to equality and diversity is clear, include a list of the council's equality objectives at the beginning of the plan and signpost to the policy.**

of the white British heterosexual majority Ensure that everyone has equal access to services provided by the councils.	**Include measure: percentage of people who agree that the council does a good job for people like me in the delivery of key services section.**
Include measure 'percentage of people who feel they were able to give their views before key decisions were made'	We collect other 'perception' data that provides information about for example on whether people felt able to influence decisions and what they feel is the most effective way of doing this. **Proposed change: include measure 'people who feel they can influence decisions that affect their local area.'**
Leisure centres (see full version of comments in appendix C) Surplus from Council leisure centres should be invested back into those centres. The way the council leisure centres are operated makes them more expensive to run than a wholly private leisure club.	The plan includes carrying out surveys of users of council centres which will enable the council to understand how to improve facilities for users. **No change proposed.**

Effective management of resources	
As long as there are adequate provisions made for those who cannot afford to pay the full amount I do not see that keeping Council Tax to among the lowest in the country should be a priority. This is a great place to live and those that are able to should be prepared to contribute to maintaining services and resources for the present and the future.	This priority acknowledges that residents and council tax payers expect value for money and that the council must continue to deliver quality services through improvements in efficiency. **No change proposed**

Meeting housing need	
The third measure of success for meeting future housing need could be amended as follows "....against targets including five year housing land supply"	**Proposed change: make appropriate reference to five-year housing land supply.**
Priority should be given to ensuring the infrastructure is in place for large developments including provision of schools. The recent large development in Wantage has put pressure on the current primary schools.	This is already identified as a priority in this section. **No change proposed.**
Information regarding planning applications incurring 106/CIL payments should be sent to town/parish	**Proposed change: review wording around CIL but look at information to parish councils within service standards.**

councils at an early stage to enable local requirements/opinions on infrastructure development to be sought.	
The council should set dates for actions concerning the cores strategy	**Proposed change: where possible include dates for core strategy success measures**

Building the local economy

COMMENT RECEIVED	PROPOSED AMENDMENT OR RESPONSE
Should there be a rural village dimension under this section? Add an additional activity: "Investigate opportunities to support appropriate economic activity across the District including in the villages."	The plan includes support for villages and rural communities under the 'support for communities' objective for example *'support rural communities to retain or provide facilities where there is local support to do so'*. **No change proposed.**
Nothing in this specifically for Faringdon although it claims to promote business in all parts of the Vale. We would like to see a plan for developing business in Faringdon included	As noted in the comment, the priority is intended to include business across the district and there is also a proposal for a district wide partnership. **No change proposed**
Suggested measures for 'promote River Thames at Abingdon as a visitor and leisure attraction: Work with the River Thames Alliance partnership to promote events in Abingdon on their website. Encourage visitors to Abingdon by boat, by managing and promoting our free 5 consecutive days moorings in the town. Make our riverside land available for river events to welcome visiting competitors and spectators.	Proposed measures are useful but very detailed and would be better included within action plan for Abingdon**.** **Proposed change: remove priority from corporate plan and include in town action plan.**

Annex A

Support for communities	
COMMENT RECEIVED	PROPOSED AMENDMENT OR RESPONSE
ORCC have suggested revised wording for neighbourhood planning priority **Encourage communities to develop neighbourhood plans where this is identified as an appropriate and necessary means of addressing local land use issues and aspirations.**	**Proposed change: make appropriate change to wording.**
Spell out the objective as 'To help voluntary, faith and community sector groups to take action to provide and improve services and facilities in response to identified local need'	This is very detailed wording for a strategic objective and not in step with the wording of the other objectives. We have included wording on this in the new introductory text to the section. **Proposed change: include in introduction to the section**
First priority under 'what we will facilitate…' amend to read 'support rural communities to identify local issues and needs, and solutions available to meet them' This would include action to retain or provide facilities but has more direct relationship to the proposed measurement of success	**Propose agree amended wording.**
It mentions working with local communities but not working with local councils[it also needs to mention working with local housing associations]	Although the term voluntary and community sector is intended to include local councils we have clarified this in the introductory text. **Proposed change: make reference to the range of all partners in the introduction**
We don't see why Faringdon council tax payers should be supporting the development of Wantage Civic Hall when they are already supporting their own facilities.	This is a district council owned and operated facility for the benefit of the whole district. The aim is to more efficiently and effectively market existing facilities rather than incur expenditure on physical development, with the aim of increasing income from use of the facilities. **Proposed change: make it clearer what is meant by 'development' in the context of Wantage Civic Hall.**

Vale of White Horse District Council

CORPORATE PLAN 2012-2016: VISION FOR THE VALE

Foreword

by the Leader of the Council

I am delighted to present the Council's Corporate Plan for 2012-16. This document sets out our key priorities and objectives for the next four years.

Our Vision for the Vale is one of thriving communities and a strong local economy. We will work with our dedicated councillors, hard working staff and inspiring partners to deliver these objectives.

We have already taken steps to improve the local economy in our market towns with the introduction of 2hr free parking and the piloting of free wi-fi, and we will continue to build the local economy across all parts of the district.

We are committed to listening to the needs of local communities and providing responsive services for the public which make the most of new technology and showcase excellent customer service.

We will tackle the difficult issue of housing provision, ensuring adequate building to support our economic and social needs whilst understanding associated environmental concerns.

All of this will be achieved whilst maintaining value for money for tax payers. We will keep council tax low. We will welcome the opportunities being presented to local councils by the Government's changes to local government and always seek to deliver efficient services at a low cost to you.

We are committed to taking care of your interests throughout the Vale with enterprise, energy and efficiency

Introduction

This corporate plan sets out the council's strategic objectives and corporate priorities.

The plan will help us to achieve our aim of "taking care of your interests across the Vale with enterprise, energy and efficiency", and vision for a Vale characterised by:

- a strong local economy
- positive and constructive work with community groups
- housing for people who need it
- communities involved in decisions about development and other things affecting their local area
- an efficiently run council, keeping council tax low.

We consulted widely with residents and stakeholders to help us to develop this plan. The corporate plan does not seek to cover everything the council does but instead focuses upon those issues and services that we have identified, with the help of residents and service users, to be the most important issues and top priorities. We will include the detail of the action the council will take to deliver the priorities in our annual service plans.

We have identified some key measures to enable us to track our progress in delivering the corporate plan priorities. For some performance measures we have set a four year target to be achieved by the end of the period covered by the plan. For others, we have set an annual target for 2012/13 and at the end of that year we will set a new target to be achieved by the end of the plan. Where a performance measure requires us to collect new data, we will collect benchmark data during 2012/13 and then set a target covering the remaining three years of the plan.

We will report annually on progress.

The council is operating in conditions of unprecedented change and uncertainty and this level of change and uncertainty is likely to continue for some time in the context of government changes to how local government is funded. This means that budgets are and will continue to be, under enormous pressure. The corporate plan reflects these conditions and will be important in helping to guide our decisions on how we invest our financial and staffing resources over the next four years.

Partnership working

We have direct responsibility for a number of public services and when we identify these as a priority within the corporate plan we can allocate resources to reflect this. In addition to the services that we are directly responsible for delivering, a number of public, private and voluntary organisations provide services to our residents; many of these link with our services or contribute to the overall objectives that we are trying to achieve for the area and we work closely with these partners to ensure that through joint working residents receive the best service possible.

Our work with partners takes place both locally to address local issues and also through some formal partnerships, which may be either service specific or more broadly strategic. Some of the key formal partnerships include:

- The Vale Partnership (VP) – this is the local strategic partnership (LSP) and is made up of relevant councils and a number of other public, private and voluntary sector organisations. The VP is responsible for developing a sustainable community strategy for the district. The council is also a member of the Oxfordshire Partnership, which is the LSP for the county of Oxfordshire.
- The Community Safety Partnership (CSP), which has a similar range of partners to the LSP and focuses on joint working to reduce crime and the fear of crime, and address broader community safety issues
- Oxfordshire Local Enterprise Partnership – this is the local enterprise partnership (LEP) for Oxfordshire This is a voluntary body made up of representatives from

business, academia and the wider public sector. The Partnership's overarching aim is to be the catalyst for realising Oxfordshire's economic and commercial potential. The Oxfordshire LEP is responsible for delivering the benefits of the Science Vale UK enterprise zone.

- Oxfordshire Waste Partnership – this is a partnership of the county and district councils of Oxfordshire who are working together to continuously improve waste management services within the county.

The council also plans to establish a Vale-wide business partnership in Autumn 2012 to enable wider engagement with businesses across the Vale, and sharing of best practice across the district. The partnership will build on the good practice of existing partnerships to provide a common forum for all businesses across the Vale. The forum will provide opportunities for better networking and support for businesses, and avoid duplication of effort. A Vale-wide business partnership will enable the council to work with businesses to agree priorities for investment and growth across the local area.

The corporate plan distinguishes between priorities that the council can deliver directly and those where by working with partners it seeks to encourage and influence others, and play its part, but cannot directly control the outcome.

Other plans and strategies

The corporate plan should be read alongside, and in the context of, other key objectives, plans and strategies that guide the council's business and the way it works, including:

THE VALE OF WHITE HORSE SUSTAINABLE COMMUNITY STRATEGY

The sustainable community strategy is a partnership strategy developed by the Vale Partnership (see above) and sets out the contribution that the council and its partners can make to delivering an overarching and long term vision for the district. The vision is for a sustainable Vale:

- with prosperous, inclusive and thriving communities that have good access to a range of housing, jobs and services
- where everyone can feel safe and enjoy life
- where our needs can be met without compromising the natural and built heritage or the ability of future generations to meet their needs

For further information about the sustainable community strategy, please contact corporate.strategy@southandvale.gov.uk

THE LOCAL PLAN AND LOCAL DEVELOPMENT FRAMEWORK

The Vale of White Horse Local Plan 2011 sets out policies and proposals for development such as housing and employment, and determines how the land in the district will be used. Our Local Plan will gradually be replaced by a group of documents known as the Local Development Framework (LDF). A key document within the LDF is the Core Strategy, which sets out how the council will help deliver much needed housing, opportunities for high quality jobs and thriving town centres across the district. We plan to have the Core Strategy in place by the end of 2013.

For further information please visit www.whitehorsedc.gov.uk or contact planning.policy@whitehorsedc.gov.uk

CORPORATE EQUALITY ACTION PLAN

The council has set equality objectives in line with the requirements of the Equality Act 2010 and to support the delivery of the councils' Corporate Plan priorities. The objectives are:

- provide equality of access to services and our employment opportunities
- support projects to tackle hate crime and foster good relations between different groups of people in the Vale
- seek to improve access to the town centres in the Vale for people with disabilities, carers and older people

For further information about the council's equality objectives and action plan, please contact our corporate strategy team at corporate.strategy@southandvale.gov.uk.

MARKET TOWN ACTION PLANS

The council, in partnership with town partnerships, chambers of commerce and town councils, has developed and is implementing a market towns strategy and associated action plans. The council secured funding from SEEDA's Small Rural Towns Programme to help deliver a series of targeted actions to improve vitality in the Vale's town centres.

For further information about the market town action plans, please contact economic.development@southandvale.gov.uk

For further information about the corporate plan please contact our corporate strategy team at corporate.strategy@southandvale.gov.uk.

EXCELLENT DELIVERY OF KEY SERVICES

Delivering high quality services and customer satisfaction are at the heart of what we do. This applies to all of the services we provide and everything we do, but in the corporate plan, we have focussed on the services that people tell us are most important to them.

We have identified a range of measures to help us track how well we are doing and which enable us to:

- compare our own year on year performance
- compare our performance against national benchmarks
- take into account the views of residents, service users and other stakeholders on the quality of services and customer experience.

What we will do	How we will measure success
Put residents at the heart of service delivery and seek to provide an excellent customer experience	• percentage of people who say they are satisfied with the way the council runs things (collect baseline data in 2012/13) • percentage of people who agree with the statement that the council does a good job for people like me (collect baseline data in 2012/13) • percentage of people satisfied with the way the council dealt with their enquiry (all methods of contact) (collect baseline data in 2012/13)
Keep residents and other stakeholders informed about our services, activities and spending and ensure we take their views into account before making key decisions	• percentage of people who say they feel well or fairly well informed by the council about the services it provides (collect baseline data in 2012/13) • percentage of people who feel they can influence decisions affecting their local area (collect baseline data in 2012/13)
Deliver high performing services with particular emphasis on achieving excellent levels of recycling, keeping streets and public spaces clean and attractive and ensuring good quality sports and leisure provision	• percentage of people who say they are satisfied with the cleanliness of the streets and pavements (collect baseline data in 2012/13) • percentage of people who say they are satisfied with the waste collection service overall (collect baseline data in 2012/13) • percentage of people who are satisfied with provision of sports and recreational activity (collect baseline data in 2012/13) • Increase the recycling rate to 75 per cent (by 2016) • one of the top ten councils nationally for recycling • maintain the average number of hours taken to remove fly-tips in accordance with our service standards • achieve ratings of good or excellent for overall satisfaction in sports centre user satisfaction surveys(all centres)

EFFECTIVE MANAGEMENT OF RESOURCES

Protecting the quality of services during difficult economic and financial conditions is a central concern for the council and we know that our residents and service users expect value for money.

Over the past two years we have introduced a 'fit for the future' programme to look closely at everything we do to identify and reduce waste and unnecessary costs. We have also developed and extended our partnership working and shared services with South Oxfordshire District Council to achieve efficiencies in service delivery that have delivered significant savings.

The Council will continue this work to ensure that lower costs come from improved efficiency rather than service cuts.

What we will do	How we will measure success
Keep council tax low	• to keep council tax for district services in the lowest 20 nationally and work towards being in the lowest 10
Agree prudent and sustainable medium term financial plans	• no adverse comment from external auditors in annual governance report
Reduce energy usage throughout the council's operations	• reduce energy use throughout the councils operations[1] (collect baseline data in 2012/13) • reduce business mileage (collect baseline data in 2012/13)
Continue to work in partnership with South Oxfordshire District Council to extend the sharing of services and resources	• examples of services improving through joint working • opportunities for further savings, through extending sharing of resources with South Oxfordshire District Council, reviewed and proposals brought forward

MEETING HOUSING NEED

The Council understands how important it is for people to find the housing they need and which enables them to live within a reasonable distance of their work and to stay near their families.

The council plays a vital role in ensuring that people in the district have access to good quality, affordable homes whilst ensuring that development is carried out sensitively in a way which enhances the area. We also recognise that new housing is essential to economic success and that the provision of essential infrastructure that supports housing growth is vitally important.

Through our core strategy, we set out what are the most appropriate locations for housing development in the district and set targets for affordable housing. We process planning applications so that development can go ahead and have a role to play in ensuring that

[1] In 2012/13 we will complete the fifth year of our current energy saving programme, which includes a 20% energy reduction target over the 5 years of the programme

developers contribute an appropriate amount of funding to support additional infrastructure required to make their developments successful for the people living in them.

A wide range of other agencies and organisations are involved in ensuring that housing development takes place and the corporate plan, therefore, includes a focus on facilitating development in partnership with others, recognising that whilst the council cannot directly control many elements of housing development it has a key role to play in influencing others to act.

Meeting housing need	
INCREASE THE SUPPLY OF MARKET AND AFFORDABLE HOUSING	
What we will do	**How we will measure success**
Set housing targets and identify land supply to meet future housing need	• adopt core strategy • regular monitoring of performance against targets • ensure we have a rolling five year housing land supply
Process planning applications for housing promptly	• 70 per cent of major applications are determined within the period of the initial planning performance agreement target • 75 per cent minor planning applications agreed within eight weeks
Secure sufficient financial contributions from development to deliver essential infrastructure	• community infrastructure levy (CIL) charging schedule in place by December 2013 • secure 100 per cent of CIL financial contributions by the due date • demonstrate annually that we have achieved necessary facilities and infrastructure to support development
Ensure that new developments include a range of different types of affordable housing to meet local needs	• target percentage achieved
What we will facilitate in partnership with others	**How we will measure success**
Work with developers to overcome obstacles to development	• sites with potential problems identified and action plans to overcome these agreed • report on progress achieved against action plan • number of new developments started
Work with local communities to identify suitable sites for community led housing schemes	• annual report setting out the council's contribution towards bringing development sites forward in response to community led and neighbourhood plans

BUILDING THE LOCAL ECONOMY

Oxfordshire has one of the strongest economies in the South East and relatively low unemployment but in common with the rest of the country faces considerable economic challenges.

Whether it is our three market towns, our larger villages such as Grove and North Hinksey or the rural hinterland of the Vale, our economy needs support to strengthen the local economy in these difficult times.

Supporting the local economy continues to be a priority and we will continue to develop our work with partners to support market towns to retain their viability and improve infrastructure that businesses across the district need to be successful.

Last year, the Science Vale UK (SVUK) area was successful in achieving enterprise zone status and provides an opportunity for us to support the hi-tech businesses that are thriving in the Vale. The council is committed to working with its partners so that maximum benefit is obtained from the opportunity presented by the SVUK enterprise Zone.

What we will do	How we will measure success
Continue to invest to improve the viability and attractiveness of our towns	• two hour free car parking introduced in market towns by end of 2011 • annual town centre vitality survey, including footfall and vacant shop surveys • percentage increase in footfall is above the national percentage increase (annual) • percentage of vacant retail units in the main retail areas of the three market towns is less than national rate (annual) • number of local units in VAT and/or PAYE based enterprises: Baseline: 2011= 5940 measure: percentage increase each year above England level percentage increase. • impact of public wi-fi scheme piloted in Wantage • market town strategy reviewed and annual action plans developed • progress against annual action plans
Develop and implement local development orders to stimulate business growth at Milton Park and Harwell Science Campus	• development orders in place by June 2012 • annual report on the number and square metres of new business units developed under provisions of the development order
Enter into a commercial partnership to secure redevelopment of Abingdon town	• refurbishment of Abbey Centre completed

centre	• redevelopment of the Charter substantially completed by end of plan period
Enter into a commercial partnership to secure new retail development at Botley and use some of the proceeds to improve Westway shopping centre	• consultation on proposed development carried out • new retail development built and operating by end of corporate plan period • improvements to Westway shopping centre agreed and implemented
Review the potential for building a new leisure centre in the Wantage/Grove area as Wantage expands	• options study produced by end of 2012
What we will facilitate in partnership with others	**How we will measure success**
Roll out faster broadband across the district	• annual survey of businesses to understand extent of problem and measure perception of improvement • percentage of exchanges enabled with ADSL2 (up to 20Mbps) and how many homes/businesses this covers in district(s) (4 yr target) • Broadband UK funding spending achieved in district
Deliver the benefits of the Science Vale UK enterprise zone	• Science Vale UK business plan delivered • number of jobs created and number of square metres of new business units developed • the annual growth in business rates generated by the Enterprise Zone that is available to be re-invested in the local area
Improve Infrastructure to support business growth	• strategy for investment for enterprise zone business rates growth agreed with Oxfordshire Local Enterprise Partnership • strategy implemented and progress confirmed in annual report
Maintain low levels of crime and anti social behaviour	• at least 99 per cent of people feel safe walking alone in their community in daytime • at least 86 per cent of people feel safe walking alone in their community after dark • monitor performance against objectives in community safety strategy
Build on the 'Choose Abingdon' partnership to create a district-wide business partnership	• number of Choose Abingdon loyalty cards held. Baseline (2011) = 1430 to

	increase to 2000 by 2016. • number of businesses who are "members" of Vale-wide business partnership. (establish baseline in 2012/13, measure yearly thereafter)

SUPPORT FOR COMMUNITIES

The Council recognises the enormous amount of work that local councils and volunteers - from community, voluntary or faith organisations or individually – do to improve their communities and the quality of life of people living and working in them. The huge range of services and facilities provided by local councils and the community, voluntary and faith sectors bring enormous benefit. Supporting communities and volunteers to continue to identify solutions for their local issues and implement them is a priority for the council.

Our aim is to work with a range of partners in the community, voluntary and faith sectors to help them to take action to provide and improve services and facilities in response to identified local need.

Recent initiatives from central government mean that there is even more scope for local communities to take the initiative to improve their area through local action and to get involved in decisions affecting where they live. Although it is not yet clear what all of the possibilities may be for getting involved, for example, in local land use issues through Neighbourhood Planning, or managing delivery of a service locally, we want to make sure that local communities have information about, and can explore, the opportunities available to them.

What we will do	**How we will measure success**
Improve the way we work with local communities and their representative bodies to create opportunities to localise service delivery	• examples of localised service delivery
Offer grants to voluntary and community organisations who are delivering projects and services that support our objectives or those in need	• amount of grant awarded and number of projects funded and number of projects completed. • annual report on key grant aided projects setting out benefits to local community
Increase usage of Wantage Civic hall	• plan agreed for increasing usage of Wantage Civic Hall • increase in the number of bookings and users of the Civic Hall (collect baseline data 2012/13) • decrease in net expenditure (set target based on 2012/13 user baseline)
What we will facilitate in partnership with others	
Support rural communities to identify local issues and needs, and solutions available	• support development of community-led plans

to meet them.	• number of actions in community-led plans progressed with the support of the council each year
Encourage communities to consider developing neighbourhood plans as a means of shaping their local environment	• local neighbourhood groups provided with information and advice about developing neighbourhood plans
Devolve responsibility for delivery of services to parish councils, community groups and others where it makes sense to do so	• specific examples of devolved services in place

Cabinet Report

Vale of White Horse District Council

Report of Head of Corporate Strategy
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Report no. 71/11

Wards affected: All

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To: CABINET	To: CABINET
DATE: 13 February 2012	DATE: 10 February 2012

Review of waste policies

Recommendations

(a) that Cabinet approves the revised joint wheeled bin policy set out in appendix one.

(b) that the head of corporate strategy is authorised, in consultation with the relevant Cabinet member, to approve requests from residents for a change to the normal bin provision.

Purpose of Report

1. To seek cabinet approval to the council's revised joint wheeled bin policy.

Strategic Objectives

2. The wheeled bin policy contributes directly towards the councils' strategic objectives of managing our business effectively, rising to the challenge of climate change and protecting our environment. In particular through our corporate priorities to provide value for money services that meet the needs of our residents and service users (south and vale). Minimise the waste we produce and maximise recycling (vale) and reduce the amount of waste we send to landfill (south).

Background

3. Currently both councils have wheeled bin policies that are similar but not identical. These have served the waste and recycling collection service well, undoubtedly

contributing to its success. These policies have now been harmonised into one policy for both councils.

4. We are suggesting that a more flexible approach is adopted to bin provision, in a relatively small number of cases on submission of a valid request and on condition that any changes are cost effective and/or will result in an increase in the amount of waste recycled.

5. The reason for requesting a more flexible approach to bin provision is that we do have a very small number of residents who have requested a different arrangement from the standard set of bins. In some cases the request may be justified but at present there is no flexibility within the policy to accommodate such requests. The head of service would consider requests on a case by case basis and consult with the relevant Cabinet members where a change to the standard provision was considered justifiable.

6. Also included in the revised policy is a missed bin procedure which has never been formally agreed with Cabinet and it would be helpful to do so.

Options

7. We could continue with the policies as they stand but this does result in some inconsistencies across the two councils.

Financial Implications

8. There would be a delivery/collection cost to the councils if we allow some residents to change their existing bin provision. A similar cost may then be incurred if the resident moved and the new resident required the standard bin provision.

Legal Implications

9. Under the Environmental Protection Act 1990 Part two, the council is able to stipulate the type of container that will be used to collect waste as part of its statutory duty and are therefore able to accommodate individual requests for different bins.

Risks

10. There is a risk that there will be a small increase in cost if we allow a change to the normal bin provision. However, we do not expect to sanction many variations and so the cost implication is marginal.

Other implications

11. None

Conclusion

12. The revised wheeled bin policy addresses the inconsistencies in the current policies and allows more flexibility in our approach to bin provision to some residents, whilst maintaining the already proven successful elements of the scheme.

Appendix 1

South Oxfordshire and Vale of White Horse District Councils wheeled bin policy

Introduction

About the service

- service provision
- collection point for emptying wheeled bins
- side waste – residual
- side waste - recycling
- overfilled or overweight bins
- stolen or missing bins
- missed collections
- responsibility for bins and damage to bins
- contaminated bins.

Exemptions to the services standard

- rules covering exemptions to the standard service
- arrangements for properties unsuitable for use of wheeled bins
- assisted collections
- large/small families or residents producing large/small amounts of waste.

Introduction

1. We are committed to reducing the impact of waste on the environment and importantly, the amount of waste sent to landfill. We have to meet tough recycling targets that the Government has set us. If we fail to meet these targets, we will face large fines that will ultimately come out of the taxpayers' pocket. We are committed to ensuring this does not happen, so the waste collection service is designed to guarantee that we meet these targets.

About the service

Service provision

2. The service comprises:

   - a weekly collection of food waste in a small lockable caddy
   - a fortnightly mixed recycling collection in a wheeled bin
   - a fortnightly rubbish collection of non recyclable waste in a wheeled bin
   - a chargeable "opt-in" fortnightly collection of garden waste in a wheeled bin.

3. The standard provision of bins:

   - 240 litre wheeled bin for mixed recycling
   - 180 litre wheeled bin for non recyclable, residual waste
   - 23 litre caddy for food waste (with a seven litre caddy to use in the kitchen).

4. Only bins that we supply will be emptied (unless otherwise agreed as part of the exemption policy).

5. You are able to opt out of our full waste and recycling service, you will then become responsible for disposing of your own waste. Because of the cost and practicalities involved we cannot allow people to opt out of individual parts of the service, however, if there are extenuating circumstances requests will be considered on a case by case basis. Opting out of the service does not entitle you to any refund or reduction of council tax.

Collection point for emptying wheeled bins

6. You should put your bins out for collection on the inside edge of your property's boundary (unless otherwise agreed). This should be at the point nearest to the road or pavement and no more than one metre away from the boundary edge.

7. Your bins must not be placed in such a way that they will cause an obstruction to pedestrians and road users.

8. Your bins should not be put out earlier than 6pm on the day before collection, or later than 7am on the day of collection, and handles should be facing outward.

9. If your bin is not at the correct collection point by the time the vehicle arrives we cannot guarantee that our contractor will empty it until the next scheduled collection.

10. Our contractor will return your bins to their original collection point.

Side waste – residual

11. Your standard bins are considered large enough to hold all residual household waste produced between collections. Residual side waste will only be collected where collections have been delayed by more than the agreed number of days (i.e. our contractor has failed to collect waste as normal or the service has been suspended due to severe weather conditions).

12. If you put out residual side waste at any other time, our contractor will leave a note attached to your bin explaining the reason for non-collection of the side waste and will not return to collect it.

Side waste – recycling

13. Your standard bins are considered large enough to hold all recycling produced between collections. However, recycling side waste will be collected where you put it out in clear opaque sacks, a cardboard box, an old recycling box or in carrier bags which are left open so the contents are visible.

Overfilled or overweight bins

14. You should take care not to overfill your bin and make it so heavy that the contractor is unable to move it to the vehicle to be emptied. If an overweight bin is left unemptied, our contractor will leave a note attached to the bin explaining the reason for non-collection.

15. You must remove over compacted waste not released from your bin during the collection process or any waste that is too heavy to empty.

16 You should keep the bin lid closed at all times to prevent vermin and rainwater getting in the bin. In order to allow any odours to escape our contractor may return food caddies with their lids left open.

Stolen or missing bins

17. Your wheeled bins remain the property of the council at all times. They should remain with the property if occupancy changes.

18. You are responsible for keeping the bins safe and reporting any bins that are lost or stolen, and we reserve the right to charge for any replacements.

Missed collection

19. Provided your bins have been presented correctly and you report a missed collection before noon on the collection day. The bin will be collected by the end of the same day.
20. If you report a missed collection after noon on the collection day, but before the end of the next working day. Provided your bin was presented correctly it will be collected by noon the following working day (including Saturdays).
21. Our contractor will not return to collect your bin if you report a missed collection after the end of the next working day following the scheduled collection day.

Responsibility for bins and damage to bins

22. You are responsible for keeping bins in a safe, clean and tidy condition and should not deface them or use them for any purpose other than that described in this

policy. If you wish to put house numbers on your bin please use self adhesive numbers rather than paint.

23. We will replace bins that become damaged through normal wear and tear. Our contractor will pay to repair or replace any bins which they damage during collections. You may be liable for a charge to replace any bins damaged as a result of misuse.

Contaminated bins

24. You can find a full list of materials that you can place in each of the bins on our websites.

25. Please put the correct materials in the correct bin to ensure that they are emptied. Contaminated bins will not be emptied. Our contractor will leave a note explaining the reason for non-collection.

26. You will need to remove all contamination from the bin before the next scheduled collection.

27. You maybe charged if you need us to arrange for the emptying of contaminated bins.

28. Your food waste caddies can only be lined with biodegradable liners or newspaper. If you put a non-biodegradable liner in your food caddy we will be unable to empty it.

Exemptions to the standard service

Rules covering exemptions to the standard service

29. To qualify for an exemption from using wheeled bins, you must meet one or more of the following criteria:

a) your property is in an article 4(2) direction area* and your wheeled bins would have to be kept at the front of the property at all times

b) you do not have enough space between the front door and the pavement or rear edge of the road, meaning that wheeled bins would cause an obstruction and there is no alternative collection point

c) you do not have reasonable rear or side access, and the useable front area is too small to accommodate the bins

d) it would be impractical for you to pull wheeled bins out for collection, for example across uneven ground, through the property or a considerable distance

e) your wheeled bins have to be kept in a location that may present an unacceptable security risk to the property

f) your property has multiple occupants, e.g. flats with communal refuse storage arrangements

g) your property is accessed via steep inclines or steps, making it impractical for using wheeled bins

h) your bins would have to be kept immediately in front of front facing windows at all times

i) any other exceptional circumstance as requested by residents and agreed by the council.

30. If you qualify for an exception from the standard service, but would like to request wheeled bins, you are

able to do so. If you are covered by criteria a) above then we will ask you to give assurance that you will keep the bins at the rear of the property.

31. If you are exempt from using wheeled bins for recycling and residual waste you will still receive a weekly food waste collection using the container provided.

*An article 4(2) direction helps to protect the special characteristics of a Conservation Area. Visit the council's websites for more information at
http://www.southoxon.gov.uk/conservation
or
http://www.whitehorsedc.gov.uk/conservation

Arrangements for properties unsuitable for use of wheeled bins

32. If your property meets at least one of the criteria in the exemption policy we will provide you with an annual supply of sacks. This allows you to use four green recycling sacks per fortnight (which is equivalent to the volume of a recycling bin) and three pink rubbish bags per fortnight (which is equivalent to the volume of a residual bin).

33. We will only collect sacks that we provide so please do not put out any that you have purchased yourself. If you do not comply with our conditions we may not collect your waste and you will then be responsible for making your own arrangements for its safe and appropriate disposal.

34. You should place sacks out for collection in the same way as the standard service for wheeled bins, unless your property is registered for an assisted collection.

Assisted collections

35. We offer a free service to collect bins from a more convenient place for our elderly and disabled residents. You can make a request to us for assistance in writing, or by telephoning, this will then be assessed on a case by case basis.

Large/small families or residents producing large/small amounts of waste

36. If you are a large family (six or more) you can apply for additional or larger recycling bins. Other requests for additional recycling capacity will be considered on a case by case basis.

37. If an occupant of your property has a medical condition requiring larger residual waste storage capacity (such as disposal of incontinence pads), an additional 180 litre wheeled bin may be provided. We may also provide additional capacity for families with at least two nappy wearing children.

38. The cost and practicalities mean that we do not currently provide smaller wheeled bins.

Cabinet report

Report no. 72/11

Report of head of economic, leisure and property

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To: CABINET

DATE: 10 February 2012

To accept agency powers from South Oxfordshire District Council for the operation of Rye Farm and Hales Meadow car parks by the Vale of White Horse District Council

Recommendations

1. Cabinet recommends full council to accept agency and all other necessary powers from South Oxfordshire District Council to operate Rye Farm and Hales Meadow car parks and to authorise the head of legal and democratic services to complete the appropriate agreements.

2. In addition, if full council agrees to accept the agency powers, then cabinet:
   (a) authorises the head of legal and democratic services to prepare and publish a draft car park order under the Road Traffic Regulation Act 1984 and carry out the necessary consultations in accordance with the requirements of the Act and the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 and to report back to cabinet on the responses received after the end of the consultation period
   (b) agrees that the fees and charges for Rye Farm and Hales Meadow car parks are as set out in appendix 1 of the report of the head of economy, leisure and property to the cabinet on 10 February 2012.

Purpose of report

1. The purpose of this report is to secure cabinet's support for accepting agency and any other powers from South Oxfordshire District Council (South) to continue the provision of car parks at Rye Farm and Hales Meadow car parks under the Road Traffic Regulation Act 1984. This will allow the Vale of White Horse District Council to continue operating these car parks and make a formal recommendation to full council so that a new order can be prepared.

Strategic objectives

2. Providing the two car parks at Rye Farm and Hales Meadow helps to support the council's strategic objective of 'supporting a vibrant local economy' as many people who work in, or are visiting, Abingdon use these car parks to park their vehicles and then walk over the bridge into town.

Background

3. The freehold of the land known as Rye Farm and Hales Meadow car parks, including the lorry park, is owned by the Vale Council, although the car parks are situated within the district of South Oxfordshire to the south of Abingdon. A local authority is only able to provide car parks under the Road Traffic Regulation Act 1984 in its own area. Therefore, the Vale Council entered into an agreement dated 9 July 1996 under the Local Government Act 1972 that enabled it to act as an agent for South in respect of the car park functions relating to Rye Farm and Hales Meadow car parks and in accordance with a South car park order made in 1996. This agency agreement confirms that all income from parking charges and excess parking charges (fines) shall belong to the Vale Council and all expenses and costs are paid by the Vale Council. The agreement was accompanied by a lease of the car parks from the Vale Council to South at a peppercorn rent from year to year.

4. The Vale Council updated its main district-wide car park order in 2011 to allow for more effective enforcement and changes to the charging regime at its car parks within the district, including two hours free parking. It was not able to include the two car parks at Rye Farm and Hales Meadow within the new order as these car parks are enforced by a South car park order, which is separate to the order covering all the other South car parks.

5. Following legal advice, officers consider that it is now timely to review these arrangements and bring them up to date. The main change to the agency agreement is to enable the Vale Council to revoke the existing South order and make new orders covering these two car parks. This will allow for more effective enforcement and up to two hours free parking in line with other car parks in the Vale.

6. The new order will include Rye Farm and Hales Meadow car parks only and the main changes will be the same as those brought into the other car parks in the Vale by the 2011 order and as shown in appendix 1 attached to this report, namely:

   a) a two hour period of free parking

   b) an increase in all parking charges for three hours or more of £0.30

c) an increase in permit costs of six per cent (which equates to between £0.10 and £0.20 a day for annual permit holders, dependant upon the type of permit held and the location)

d) display of a ticket from the commencement of parking, incorporating the free period

e) an extension of the period in which parking charges apply until 6pm - because of the two hour free period, this would mean that people could park free of charge from 4pm onwards, as is the case at present

f) introduction of a 'no return' period of two hours covering all of the car parks in a particular town - this will stop users having a free period of parking in the morning, going away for lunch and then returning less than two hours later to have a further period of free parking - officers advise that, whilst this provision is important, it will be difficult to enforce, particularly where vehicles are moved from one car park to another.

Options

7. The current agency agreement requires updating as new legislation applies.

8. An alternative option would be for South to operate the car parks on behalf of the Vale Council. This would be a potential option as the enforcement and administration of the car parks is shared between the two councils and is managed from the offices in Abingdon. South would have to agree to the making of an order with a different charging regime to the other car parks in its district. It would also have to decide an appropriate cost for carrying out the enforcement on behalf of the Vale Council. However, officers consider it more reasonable that the Vale Council operates the car parks as they serve the town of Abingdon, which is within the Vale district.

9. Another option would be for the Vale Council to dispose of the car parks to South with the understanding that South would operate a car park with a charging regime in line with that of other car parks in the Vale. Officers consider that even though the land is not in the Vale district, the two car parks serve the town of Abingdon and provide an income that contributes towards the cost of running the two car parks

Financial implications

10. The current lease of the land is at a cost of an annual peppercorn rent and officers are not proposing any changes to this rent at present.

11. South considered whether to charge the Vale Council for agreeing to the new agency agreement, in the same way that it would if a similar request came from a commercial organisation. However, counsel advised that South could not charge for the agency agreement. On this basis, South is proposing that there should be provision to review the new arrangements after an initial three year period, so that consideration can be given to any change in financial and/or operational circumstances, etc. Officers will liaise with the relevant cabinet member on any proposed changes arising from this review.

12. Advertising the formal notice in a local newspaper will cost some £8,000, which can be met from the car park budget.

13. The Vale Council will cover South's legal costs in dealing with this matter.

Legal implications

14. Counsel's opinion confirms that South is able to enter into a new agency agreement made under section 101 of the 1972 Act and section 19 of the Local Government Act 2000 delegating to the Vale Council the power to make a car parking order in respect of Rye Farm and Hales Meadow car parks. However, the existing arrangement needs to be updated to reflect the new legislation as part of the Local Government Act 2000. The new agreement will allow the Vale Council to make an order, manage and enforce the two car parks and replace the existing order.

15. In addition, separate from the new agency agreement, counsel considers it prudent to have an express agreement between South and the Vale Council under section 33(4) of the Road Traffic Regulation Act 1984 to enable the Vale Council as landlord to join in an arrangement with South to provide the car parks under that Act.

16. Therefore, officers recommend that cabinet authorises the head of legal and democratic services to conclude the terms of the necessary agreements and any other associated arrangements and the date that they come into effect.

17. Both agreements will run for an initial period of three years, subject thereafter to the right for either council to terminate the agreement on one years notice.

18. The current agency agreement includes the delegation of power to enforce the 1996 car parking order but does not include any power to revoke that order or to exercise South's powers to make a new order. The intention is to allow the Vale Council these powers (to revoke the current order and make new ones) as part of the new agency agreement.

19. The changes set out in paragraph 18 above will require the making of a new car park order. Doing this would be in accordance with the agency agreement and the general duty upon the council under section 122(1) of the 1984 Road Traffic Act, to ensure the provision of suitable and adequate off street parking facilities and "secure the expeditious, convenient and safe movement of traffic".

20. 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, sets out the procedure we must follow. The Vale Council is required to publish the proposed order in the local press. The Vale Council must also consult with Oxfordshire County Council (whose consent to the confirmation of the order must be obtained before the order is confirmed), and other appropriate organisations including the police. Cabinet must consider all representations received before making the order.

21. Cabinet will need to authorise the head of legal and democratic services to prepare and publish a draft order under the new agency agreements and the Road Traffic Regulation Act 1984 and carry out the necessary consultations in accordance with the requirements of the Act and the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 and to report back to cabinet on the responses received after the end of the consultation period.

22. The legal requirements to change the order as above to provide for better enforcement (such as displaying a ticket during the free period), free parking for two hours and other pricing changes will take at least four months. However, the exact start date will depend on whether the decision is subject to a scrutiny call-in and whether representations are received that cabinet has to consider formally.

Risks

23. Not updating the agency arrangement and/or not making a new car parking order would mean that the Vale Council would not be able to operate these two car parks in the same way as it operates its other car parks.

Other implications

24. If South agrees to grant agency powers to the Vale Council, then the Vale cabinet will need to formally recommend the Vale Council to accept the agency powers from South. The Vale cabinet would then be in a position to authorise the head of legal and democratic services to draft and formally consult on a new car park order that would cover the two car parks. The new order could be implemented by June 2012.

25. In the meantime, the two hour free parking can be introduced temporarily whilst the new car park order is being updated. However, the other changes such as extending the charging period to 6pm and increasing the other fees by 30p cannot be formally introduced until the new order is implemented.

Conclusion

26. The only way that the Vale Council can make orders under the current legislation is by having new agency arrangements with South. As long as these arrangements are put in place, then the Vale Council will be in a position to accept the agency agreement and start the formal process of putting a new car park order in place for the two car parks.

Background papers

- existing agency agreement between South Oxfordshire District Council and Vale of White Horse District Council

- lease of Rye Farm and Hales Meadow car parks between Vale of White Horse District Council and South Oxfordshire District Council.

APPENDIX 1 VALE OF WHITE HORSE DISTRICT COUNCIL
SCHEDULE OF CHARGES FOR RYE FARM AND HALES MEADOW CAR PARKS

						7 SCHEDULE OF CHARGES		8 EXCESS CHARGES AND ESSIONARY EXCESS CHARGES (not subject to VAT)
1	2	3	4	5	6	7a	7b	
NAME OF PARKIN G PLACE	POSITION IN WHICH VEHICLE MAY WAIT	PERMITTED CLASSES OF VEHICLE	HOURS AND DAYS OF OPERATIO N OF PARKING PLACE	CHARGING/ NON-CHARGING PERIODS AND MAXIMUM PERIOD FOR WHICH VEHICLES MAY WAIT	NO RETURN PERIOD	CHARGES FOR PARKING TICKETS Footnote 2 Footnote 3	PERMITS (INC. Footnote 1 Footnote 3	EXPIRED TICKET; EXPIRED PERMIT; NO PERMIT DISPLAYED; NO VALID TICKET OR PERMIT DISPLAYED; PERMIT OR TICKET NOT VALID FOR PARKING PLACE; WRONG REGISTRATION NUMBER ON TICKET; EXCEEDED MAX 3 HOUR STAY; EXCEEDED MAX STAY; RETURNED WITHIN 2 HOUR TIME LIMIT; NO VALID DISABLED BADGE DISPLAYED; PARKED IN AN UNAUTHORISED AREA; NOT PARKED WITHIN A MARKED BAY; EXCEEDED WEIGHT RESTRICTION; NO OVERNIGHT CAMPING

Rye Farm Abingdo n	Wholly within a parking bay, disabled persons parking bay or motor cycle bay as maybe indicated by surface markings or signage	All classes of vehicle not exceeding 3.5 tonnes (70cwts) laden weight, max height 6’6”	All days all hours	Monday to Sunday 8am to 6pm 10 hours Monday to Sunday 6pm to 8am 14 hours Maximum stay 24 hours	Two Hours	Not exceeding: - up to 2 hours no charge - up to 3 hours £1.50 - up to 4 hours £3.10 - up to 6 hours £3.80 - over 6 hours £4.30 No charge	£52 per month (5 day) £61 per month (6 or 7 day) £157 per quarter (5 day) £190 per quarter (6 or 7 day) £520 per annum (5 day) £622 per annum (6 or 7 day) Resident permit: £287 per annum or £144 six months Market trader permits, one day/week per year £81	Excess Charge £80 payable within 28 days of the excess charge notice otherwise concessionary excess charge £50 if paid within 10 days.
Rye Farm: Oversize vehicles		All classes	All days all hours	Monday to Sunday 8am to 6pm 10 hours Monday to Sunday 6pm to 8am 14 hours Maximum stay 24 hours	Two Hours	£7.30 for 24 hours or part thereof	£636 per annum (5 £159 per annum (1 k) Resident permit: £287 per annum or £144 six months Market trader permits, one day/week per year £81	

Hales Meadow Abingdon	Wholly within a parking bay, disabled persons parking bay or motor cycle bay as maybe indicated by surface markings or signage	All classes of vehicle not exceeding 3.5 tonnes (70cwts) laden weight	All days all hours	Monday to Sunday 8am to 6pm 10 hours Monday to Saturday 6pm to 8am 14 hours Maximum stay 24 hours	Two Hours	Not exceeding: up to 2 hours no charge - up to 3 hours £1.50 - up to 4 hours £3.10 - up to 6 hours £3.80 - over 6 hours £4.30 No charge	£52 per month (5 day) £61 per month (6 or 7 day) £157 per quarter (5 day) £190 per quarter (6 or 7 day) £520 per annum (5 day) £622 per annum (6 or 7 day) Resident permit: £287 per annum or £144 six months Market trader permits, one day/week per year £81	Excess Charge £80 payable within 28 days of the excess charge notice otherwise concessionary excess charge £50 if paid within 10 days.

Footnote 1: The Vale Council will charge £12 when asked to issue replacement permits.
Footnote 2: No charges apply to motorcycles or vehicles displaying a disabled person's badge at all car parks.
Footnote 3: A valid ticket or parking permit will be required to be displayed during a charging period at those car parks where charges are payable, including those periods when a charge is not payable.