Agenda

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OXFORD CITY COUNCIL

Council

Date: **Thursday 13 February 2020**

Time: **5.00 pm**

Place: **Council Chamber - Oxford Town Hall**

For any further information please contact:

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Attendees are asked not to film or photograph the public gallery.

Council

Membership

Lord Mayor	**Councillor Craig Simmons**	
Deputy Lord Mayor	**Councillor Mohammed Altaf-Khan**	
Sheriff	**Councillor Stephen Goddard**	
Members	**Councillor Lubna Arshad**	**Councillor Dan Iley-Williamson**
	Councillor Jamila Begum Azad	**Councillor Pat Kennedy**
	Councillor Shaista Aziz	**Councillor Tom Landell Mills**
	Councillor Nadine Bely-Summers	**Councillor Ben Lloyd-Shogbesan**
	Councillor Susan Brown	**Councillor Mark Lygo**
	Councillor Nigel Chapman	**Councillor Sajjad Malik**
	Councillor Mary Clarkson	**Councillor Dr Joe McManners**
	Councillor Colin Cook	**Councillor Chewe Munkonge**
	Councillor Tiago Corais	**Councillor Susanna Pressel**
	Councillor Steven Curran	**Councillor Mike Rowley**
	Councillor Dr Hosnieh Djafari-Marbini	**Councillor Martyn Rush**
	Councillor Alex Donnelly	**Councillor Christine Simm**
	Councillor James Fry	**Councillor Linda Smith**
	Councillor Andrew Gant	**Councillor Roz Smith**
	Councillor Stef Garden	**Councillor John Tanner**
	Councillor Michael Gotch	**Councillor Richard Tarver**
	Councillor Mick Haines	**Councillor Sian Taylor**
	Councillor Paul Harris	**Councillor Marie Tidball**
	Councillor Tom Hayes	**Councillor Ed Turner**
	Councillor David Henwood	**Councillor Louise Upton**
	Councillor Alex Hollingsworth	**Councillor Elizabeth Wade**
	Councillor Richard Howlett	**Councillor Dick Wolff**
	Councillor Rae Humberstone	

The quorum for this meeting is 12 members

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Summons

A meeting of the City Council will be held in the Council Chamber - Oxford Town Hall, on Thursday 13 February 2020 at 5.00 pm to transact the business set out below.

Proper Officer

AGENDA

Pages

PART 1 - PUBLIC BUSINESS

1 Apologies for absence

2 Declarations of interest

3 Announcements relating to items on the agenda

Announcements by:

1. The Lord Mayor
2. The Sheriff
3. The Leader of the Council (who may with the permission of the Lord Mayor invite other councillors to make announcements)
4. The Chief Executive, Chief Finance Officer, Monitoring Officer

4 Agreement of procedure for debate on the medium term financial strategy and budget

The procedure for this meeting including timings for the debate on the Council's budget, capital programme and medium term financial strategy as recommended by the Cabinet is set out in the Council's Constitution at 11.4.

Set out in Briefing note

Any amendments to the procedure must be agreed by majority vote and will only apply to this meeting.

Recommendation: Council is recommended to agree that the times permitted for each stage in the budget debate (Item 9 on the agenda) are as detailed in the Council's Constitution

5 Public addresses and questions that relate to matters for

decision at this meeting

Public addresses and questions to the Leader or other Cabinet member received in accordance with Council Procedure Rules in the Constitution relating to matters for decision in Part 1 of this agenda.

A total of 30 minutes is available for both public speaking items. Responses are included in this time.

Up to five minutes is available for each public address and up to three minutes for each question. Questions must be less than **200** words.

The request to speak accompanied by the full text of the address or question must be received by the Head of Law and Governance by 5.00pm on Friday 7 February.

The briefing note will contain the text of addresses and questions submitted by the deadline, and written responses where available.

Please note: Public speakers will be filmed while in the Council Chamber by the Council for the live stream and online video of the meeting and may be filmed or photographed by others in attendance.

BUDGET AND COUNCIL TAX

6 Report of the Council's Chief Finance Officer on the robustness of the 2020/2021 budget — 13 - 28

Report of the Head of Financial Services on the soundness of the financial proposals before Council.

The Head of Financial Services may present the report and recommendations.

Recommendation: That Council notes this report in setting its budget for 2020/21and the indicative budgets for 2021 to 2024.

7 Scrutiny Response: 2020/2021 Budget

Report of the Scrutiny Officer setting out the Budget Review Group's findings on the proposed budget (published as a supplement: to follow) — Supplement Pack 2

Cabinet's response will be tabled or reported at this meeting.

The Chairs of the Review Group and the Finance Panel will present the report and recommendations.

Recommendation: Council is asked to note the findings and recommendations of the Budget Review Group and Cabinet's response.

8 Licensing and Gambling Acts and General Purposes Licensing Committees - recommendations on fees and charges

The Licensing and Gambling Acts and General Purposes Licensing Committees considered at their meetings on 3 February reports on fees and charges for the licensing functions falling within their remits.

The draft minutes of the Committees and the reports accompanying the three sets of fees and charges are attached (with items 8a and 8c). These are also included in the budget papers at Item 9.

The Committee Chairs may wish to present the recommendations.

Recommendations: the Licensing and Gambling Acts Committee and the General Purposes Committee recommend that Council agree the licence fees and charges for 2020/21 as set out in Items 8a, 8b and 8c (and repeated in the relevant sections of Item 9 Appendix 7).

8a	**Licensing and Gambling Acts Fees and Charges for the 2020/21 financial year**	29 - 36
8b	**Commercial Events, Hackney Carriage and Private Hire, Road Closure Orders, Scrap Metal Dealers, Sex Establishments and Street Parties: Licence Fees and Charges for the 2020/21 financial year**	37 - 42
8c	**Miscellaneous Licensing: License Fees & Charges for the 2020/21 financial year**	43 - 48

9 Budget 2020/21 and Medium Term Financial Strategy 2021/22 to 2023/24

At its meeting on 12 February, Cabinet will consider a report of the Head of Financial Services which presents the outcome of the budget consultation and seeks agreement of the Council's Budget for 2020/21 and the Medium Term Financial Strategy for the following 3 years (published as a supplementary pack). Supplement Pack 1

Cabinet is asked to make recommendations to Council. Any changes to the Head of Financial Services' recommendations to Council and any amendments resulting from the Cabinet meeting will be tabled at the Council meeting.

Amendments to the budget proposed by opposition groups or individual councillors must be received by Committee Services before 1.00pm on Tuesday 12 February and will be circulated with the briefing note published that day.

Councillor Turner, the Cabinet Member for Finance and Asset Management, will present the report and move Cabinet's recommendations.

The procedure for this item is set out in Part 11.4 of the Council's Constitution.

Council is recommended to:

a. consider Cabinet's recommendations to Council, including the budget published as part of the agenda for this meeting along with any amendments resulting from the Cabinet meeting of 12 February tabled at this meeting;
b. consider the substantive amendments proposed by the opposition groups; and published with the briefing note;
c. consider individual amendments; and
d. agree the recommendations from the Cabinet as presented to Council, or with further amendments as decided by Council.

Recommendation: Cabinet recommends subject to decisions at their meeting on 12 February that Council resolves to:

1. **approve the 2020-21 General Fund and Housing Revenue Account budgets and the General Fund and Housing Revenue Account Medium Term Financial Plan as set out in Appendices 1-10 of the report, noting:**
    a. **the Council's General Fund Budget Requirement of £24.183 million for 2020/21 and an increase in the Band D Council Tax of 1.99% or £6.13 per annum representing a Band D Council Tax of £313.92 per annum subject to confirmation of the referendum levels contained in paragraphs 5 and 6 of the report;**
    b. **the Housing Revenue Account budget for 2020/21 of £44.455 million and an increase of 2.70% (£3.06/wk) in social dwelling rents from 1 April 2020 giving a revised weekly average social rent of £105.32 as set out in Appendix 5 of the report;**
    c. **the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6 of the report;**
2. **agree the fees and charges shown in Appendix 7 of the report;**
3. **delegate to the Section 151 Officer in consultation with the Cabinet Member for Finance and Assets the decision to determine whether it is financially advantageous for the Council to enter into a Business Rates Distribution Agreement as referred to in paragraphs 13-15 of the report;**
4. **approve a loan facility of up to £500k for working capital to the Council's Joint Venture, Oxford West End Development Ltd (OxWed) at terms to be agreed by the Council's Section 151**

Officer as referred to in paragraph 37 of the report; and

5. **approve the payment into the County Council Pension Fund of £5 million as referred to in the Consultation Budget and paragraph 21 of the report;**
6. **note the changes to Business Rates reliefs and discounts for 2020-21 as referred to in paragraph 12.**

A recorded vote must be taken when voting to agree the final budget and medium term financial strategy.

9a Additional recommendations from Cabinet and corrections to published budget

If Cabinet agrees changes to the recommendations, or changes or corrections to the published report or appendices, these will be tabled at the meeting.

9b Alternative budget proposals - Liberal Democrat amendments

Liberal Democrat Group's amendments to the revenue and capital budgets, including explanation, for debate.

These will be published in the Briefing Note.

9c Alternative budget proposals - Green amendments

Green Group's amendments to the revenue and capital budgets, including explanation, for debate.

These will be published in the Briefing Note.

9d Individual amendments to the budget

Individual amendments to the revenue and capital budgets, including explanation, for debate.

These will be published in the Briefing Note.

10 Council Tax 2020/21 — 49 - 60

The Head of Financial Services has submitted a report which sets out the necessary calculations to enable Council to set the 2020/21 Council Tax for Oxford City.

Councillor Turner, the Cabinet Member for Finance and Asset Management will move the recommendations and the Head of Financial Services will be available to answer questions.

Recommendations: subject to the decisions at Item 9 above, Council is asked to approve for 2020/21:

1. **The City Council's precept and Council Tax requirement of £14,679,191 including Parish precepts and £14,407,726 excluding Parish precepts.**
2. **The average Band D Council Tax figure (excluding Parish Precepts) of £313.92 a 1.99% increase on the 2019/2020 figure of £307.80. Including Parish Precepts the figure is £319.84, a 2.01% increase (see paragraphs 2 to 6 of the report).**
3. **A contribution of £10,000 to Old Marston Parish Council in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 9 and 10 of the report).**
4. **The amount of £623,305 to be treated as Special Expenses (see paragraph 13 of the report).**
5. **The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's precepts) as follows:**

Littlemore	**£358.22**
Old Marston	**£347.97**
Risinghurst and Sandhills	**£336.47**
Blackbird Leys	**£319.31**
Unparished Area	**£316.50**

These figures include Parish Precepts and special expensing amounts as appropriate; in addition to the City-wide Council Tax of £300.34.

The Council is also asked to note:

6. **Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 17 of the report.**
7. **The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 18 of the report, and**
8. **The overall average Band D equivalent Council Tax of £2,063.56 including Parish Precepts (subject to confirmation of the Band D figures for the County Council and Police and Crime Commissioner).**

A recorded vote must be taken when voting to agree the Council Tax and associated resolutions.

OTHER CABINET RECOMMENDATIONS

11	**Treasury Management Strategy 2020/21**	61 - 90

At its meeting on 12 February, Cabinet will consider a report of the Head of Financial Services presenting the proposed Treasury Management Strategy for 2020/21 together with the Prudential Indicators for 2020/21 to 2024/25.

Councillor Turner, Cabinet Member for Finance and Asset Management will move the recommendations.

Recommendations: Cabinet recommends subject to decisions at their meeting on 12 February that Council resolves to approve:

1. **the Treasury Management Strategy 2020/21 as set out in paragraphs 18 to 64 and the Prudential Indicators for 2020/21 – 2024/25 as set out in Appendix 2 of the report;**
2. **the Borrowing Strategy at paragraphs 26 to 38 of the report;**
3. **the Minimum Revenue Provision (MRP) Statement at paragraphs 39 to 41 of the report which sets out the Council's policy on charging borrowing to the revenue account; and**
4. **the Investment Strategy for 2020/21 and investment criteria as set out in paragraphs 42 to 63 and Appendix 1 of the report.**

12	**Capital Strategy 2020/21 – 2024/25**	91 - 136

At its meeting on 12 February, Cabinet will consider a report of the Head of Financial Services presenting the proposed Capital Strategy for approval.

Councillor Turner, Cabinet Member for Finance and Asset Management will move the recommendations.

Recommendations: Cabinet recommends subject to decisions at their meeting on 12 February that Council resolves to approve the Capital Strategy set out at Appendix A of the report.

13	**Corporate Strategy 20-24 - final draft for approval**	Supplement Pack 2

At its meeting on 12 February Cabinet will consider a report of the Assistant Chief Executive on the post consultation draft of the Council's Corporate Strategy for 2020 to 2024 ("Council Strategy 2020–2024"). The Council Strategy 2020–2024 and supporting papers will be published as a supplement (to follow).

Councillor Brown, Leader of the Council, will present the report and move the recommendations.

Recommendations: Cabinet recommends subject to decisions at their meeting on 12 February that Council resolves to adopt the new Corporate Strategy as set out in the appendix to the report.

OFFICER REPORTS

14 Review of polling places

137 - 142

See also Supplement Pack 2

The Head of Law and Governance has submitted a report asking Council to approve the schedule of polling districts and polling places (shown at Appendix A to the report) for the administrative area of the City Council as required by the Electoral Administration Act 2006.

Appendices 1 and 3 (schedule and map of polling districts and places) will be published separately in a supplement (to follow).

Councillor Brown, Leader of the Council, will move the recommendations.

Recommendation: that Council

1. **approves the schedule of polling districts and polling places (shown at Appendix 1 of the report) for the administrative area of the City Council;**
2. **delegates to the Returning Officer the power to make changes to polling places and polling stations in emergency situations; and**
3. **requests the Returning Officer to investigate the suggested alternative polling places and report back to Council as necessary following the May 2020 elections.**

15 Matters exempt from publication and exclusion of the public

If Council wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding agenda items it will be necessary for Council to pass a resolution in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 specifying the grounds on which their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Part 1 of Schedule 12A of the Act if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(The Access to Information Procedure Rules – Section 15 of the Council's Constitution – sets out the conditions under which the public can be excluded from meetings of the Council)

UPDATES AND ADDITIONAL INFORMATION TO SUPPLEMENT THIS AGENDA ARE PUBLISHED IN THE COUNCIL BRIEFING NOTE.

Additional information, councillors' questions, public addresses and amendments to motions are published in a supplementary briefing note. The agenda and briefing note should be read together.

The Briefing Note is published as a supplement to the agenda. It is available on the Friday before the meeting and can be accessed along with the agenda on the council's website.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed “Declarations of Interest” or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council’s area; licenses for land in the Council’s area; corporate tenancies; and securities. These declarations must be recorded in each councillor’s Register of Interests which is publicly available on the Council’s website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members’ Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members’ Code of Conduct says that a member “must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself” and that “you must not place yourself in situations where your honesty and integrity may be questioned”. What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member’s spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

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OXFORD CITY COUNCIL

To:	**Council**	**Date:**	**13 February 2020**
Report of:	**Head of Financial Services**		
Title of Report:	**Chief Finance Officer's report on the robustness of the Council's 2020/21 budget**		

Summary and Recommendations

Purpose of report:

Under Section 25 of the Local Government Act 2003 there is a requirement for the Council's Chief Financial Officer to report to Council on:

a) the robustness of the estimates made for the purposes of the calculations of the budget; and

b) the adequacy of the proposed financial reserves.

Council in considering its Budget should have regard to this advice.

Recommendation: That Council notes this report in setting its budget for 2020/21 and the indicative budgets for 2021/22 – 2023/24.

Appendix A: Statement of Reserves and Balances

Finance Settlement

1. The Final Finance Settlement for 2020/21 has yet to be published and consequently recommendations around Council tax are made based on the Provisional Settlement published in December 2019. It included the following key features:
    - Figures for the Council's Business Rates baseline and tariffs for 2020-21
    - Confirmation that district Councils will be allowed to apply the higher of the referendum limit of 2% or £5.

- Confirmation of the New Homes Bonus figures for 2020-21 with and the intention to remove New Homes Bonus after.31 March 2021

2. There are still a number of significant uncertainties going forward around the availability of Government Grant to fund homelessness prevention, the implications of the Fair Funding Review on Business Rates and the business rates reset from 1 April 2021, any replacement for New Homes Bonus and the future financial implications of Brexit.

Preparation of the Medium Term Financial Plan

3. As in previous years the Council has undertaken a prudent and robust approach in developing its Medium Term Financial Strategy ("MTFS").

4. Over the next four year period the Council will generate a further £6 million of efficiencies during that period, with on-going efficiencies of £2.1 million per annum beyond 2023/24. They include:

    - Impact of Universal Credit Roll out - £240k per annum from 2022-23
    - ICT restructure – removal of temporary posts - £140k per annum
    - Robotic Process Automation – automation of processing initially in Revenues and Benefits to achieve savings in external support - £50k per annum
    - Mobile phones – reduction in number of renewals required - £50k per annum
    - ICT Storage costs – reduction in data retained resulting in reduced storage costs - £75k per annum
    - Homelessness grants – Review of the homelessness and rough sleeping service following the opening of Floyds Row - £150k per annum
    - Welfare Reform Team – Reduction in management costs following more joined up working - £132k over 2 years
    - Council Tax Reduction Scheme – Changes in the scheme to achieve administrative savings in the Benefits Team and Customer Services Team while avoiding adverse impacts upon claimants - £120k per annum

5. All aspects of the Council's budget, efficiency savings, and additional income streams, service reductions and pressures have been subject to rigorous review, with Service Heads being required to review the plans they put forward in previous years and confirm delivery of the proposals. Any changes to previous proposals put forward have been reflected in the updated MTFS.

6. The 2020-21 budget indicates that Council services are funded by New Homes Bonus (£0.6m), Business Rates(£9.0m), Council Tax of £14.4 million and income from fees and charges (£31.9m), including car parking, commercial rent income, planning and building control fees and dividends from Oxford Direct Services ("ODS") of approximately £1.3m. Investment interest returns from loans to Oxford City Homes Limited ("OCHL"), Oxford West End Development Limited ("OxWed").Interest from banks and building societies is estimated at around £4.3million rising to £5.3 million by the end of the 4 year MTFS period.

7. Scrutiny of the budget has been undertaken by

    - The Finance Team

- Directors and the Chief Executive
- Executive Members
- The Scrutiny Committee's Finance Panel

8. Monitoring of the budget through the year is undertaken by Financial Services in conjunction with Heads of Service and Cost Centre Managers to ensure that the budget is on target or variations are reported and acted upon at an early stage. Monthly monitoring reports are considered by Heads of Service at the Council's Operational Delivery Group and quarterly reports are presented to the Corporate Management Team and Cabinet.
9. The Council has established a Project Management Office to oversee and undertake project management of projects within the Council's Capital Programme. Potential projects are subject to more rigour and resources are spent on establishing the feasibility and outline business case before a bid is made through Cabinet and Council for budget approval of funds to carry out the project.

General Fund Assumptions

10. Assumptions on which the four year MTFS are based are contained within the main budget report presented elsewhere on the agenda, however, the key assumptions include:
    - **Council Tax increase**- The assumed Council Tax increase is 1.99% per annum for 2020-21 with 1.99% thereafter. This is below the referendum level for 2020/21.
    - **Finance Settlement** – The Final Finance settlement figures are in line with the Government's announcement in December 2019.
    - **Investment Interest** – The Bank of England base rate is currently 0.75%. Interest rate projections in the MTFS range from 1% to 1.3% over the next four years in line with forecasts. Net interest received rises to around £5million over the 4 year period from a number of investments:
    - **External Managed Property Investments** – The Council has £10 million invested in two funds. The Council makes a return of around 3.5% per annum plus any increase in the capital value.
    - **OxWed Development** – The Council has made loans of approximately £10.6 million into its 50/50 Joint venture with Nuffield College which attracts a return of 6.5% per annum
    - **Housing Company** – Loans to the Housing Company will increase over the next 4 years from around £51 million to £126 million with returns to the Council rising from £1.4 to £4.3 million over the same period.
    - **Retained Business Rates** – The MTFS includes estimates of the amount of Retained Business Rates income for the authority, based on the Government's indication of tariffs and baseline income for 2020-21. Income is estimated to reduce from £8.9 million to £7.5 million over this period.

- **Pay Assumptions** – April 2020 is the final year of a three year pay agreement. The agreement allows for increases in October of the final year based on the higher of 1.25% or £500 with inflationary increases thereafter.
- **Inflation** – With the exception of contractual inflation e.g. Leisure contract and ICT maintenance contracts and pay budgets all other budgets are cash limited.
- **Contingencies and Provisions -** Contingencies have been allowed for potential shortfalls in efficiency savings, additional income and planned service reductions. By 2022-23 around £500k has been provided for on an ongoing basis.
- **Revenue contributions and reserve transfers to Capital** – Direct Revenue Funding for the Capital Programme is £17.1 million over the four years.

Housing Revenue Account (HRA) Assumptions

11. The Scrutiny of the HRA budget and Business Plan has followed a similar process to that for the General Fund outlined above.
12. Key assumptions in the HRA budget include:
    - **Rent Setting**

      For 2020/21 the Consumer Price Index (CPI) rate is 1.7% and hence council house rents are estimated to increase by 2.7% from 2019-20 levels, with 3% increases estimated for future years.
    - **Debt Management Strategy**

      Loan debt over the next 4 years increases from £198 million to £332 million to accommodate the purchase of affordable housing from the Housing Company.
    - **Inflation and pay assumptions**

      All the assumptions for pay inflation are the same as for the Council's General Fund.

Capital

13. The Council has set an ambitious Capital Programme for the next four years in excess of £428 million.
14. The preparation of the Capital Programme has undergone similar scrutiny to the other areas of the Council's budget with the Development Board having an oversight of all new bids. Contingencies are included within individual schemes for variations in spend with any other variations outside these amounts being subject to the normal virement and supplementary estimate approvals set out in the Council's Financial Rules.
15. Financing of schemes within the Programme is predominantly through borrowing which at £269 million over the 4 year programme represents 63% of the total programme. Of the total additional borrowing, £169 million is General Fund with the balance relating to the HRA. This will add to the existing HRA self- financing debt of £198 million. Most General Fund additional borrowing is in relation to loans to the Council's Housing Development Company (OCH(D)L) with the HRA borrowing

being in relation to the purchase of social housing units from OCH(D)L. Whilst this represents a significant increase in Council debt to just under £0.5 billion the associated revenue implications have been accounted for in the MTFS.

Adequacy of Reserves and Balances

16. The prudent level of reserves that the Council should maintain is a matter of judgement. Generally the higher the risk of the council's financial plans the higher the level of reserves and balances.
17. The consequence of not keeping a prudent level of reserves can be significant. In the event of a serious problem, or a series of events such as a downturn in the financial position of ODS, reduced activity in OCHL or a reduction in the value of the Council's property investments it could lead to less return for the Council and potentially a deficit positon. In the absence of reserves the Council would be forced to cut expenditure in a damaging or arbitrary way.
18. The Chartered Institute of Public and Finance and Accountancy (CIPFA) has stated that there should be no imposed limit on the level or nature of balances required to be held by an individual Council. However, for a district council, where changes to a few areas can have a disproportionate impact, a higher percentage of level of reserves to net expenditure is desirable.

Financial Resilience

19. In December 2019 CIPFA undertook a survey of councils to understand their financial resilience. By analysing data from individual councils and providing comparisons on a number of key financial areas, CIPFA issued a risk rating against each of these measures in terms high, medium and low risk. The information for these measures for Oxford City Council compared to other non-metropolitan district councils is shown in Table 1 below.

Table 1: Resilience indicators - non metropolitan districts 2018/19

TABLE 1 : RESILIANCE INDICATORS - NON METROPOLITAN DISTRICTS - 2018-19				
	Minimum	**Oxford Council**	**Maximum**	**Risk**
Reserves sustainabilty measures	2.86	100.00	100.00	L
Level of reserves (%) **1**	23.28	104.42	300.00	M
Change in reserves (%) **2**	-51.16	7.36	490.83	M
Interest payable/ Net Revenue Expenditure	-7.13	24.35	525.04	H
Gross External Debt (£000)	0.00	198.50	1,212.00	H
Fees and Charges to Service Expenditure ratio (%)	1.58	29.23	70.32	L
Council Tax Expenditure/ Net Revenue Expenditure (%)	36.95	50.86	100.00	H
Growth above baseline %	-129.00	124.00	287.00	H
Unallocated reserves/ net revenue expenditure %	0.00	14.53	252.00	H
Earmarked reserves/ net revenue expenditure %	3.31	89.89	300.00	M

Notes

1 The level of reserves to net revenue expenditure

2 Average change in reserves over the last 3 years

3 Current level of reserves and the average change in the level of reserves over the last 3 years

20. The risk ratings allocated by CIPFA are relative to other non-metropolitan councils and one could argue that just because some of those indicators for Oxford City Council are high in comparison to others, it does not necessarily follow that the Council is at higher risk. The following comments in respect of Table 1 are also worthy of note:

- The overall level of reserves over the last 3 years in the Council have been largely unchanged and therefore the level of sustainability overall is relatively low risk.
- Interest payable in comparison to net revenue expenditure is high risk in comparison to some authorities. It should be noted that almost all of the interest payable is in respect of HRA loans outstanding of £198 million which in itself is deemed high risk in comparison to those authorities with nil debt. Given the financial position of the Council's HRA the risk in reality is low.
- The 'Oxford Model' does rely on significant income streams to fund its gross expenditure. Whilst this is not clearly at the higher end of 70.32% as a proportion of service spend as shown in the survey neither is it at the lower end of 1.58%. At 29.23% of service expenditure then one could argue that the Council's ratio may present a high to medium risk should income receipts fall. In fact going forward this risk will increase with the increasing reliance on income streams from ODS and OCHL.
- The high percentage of business rates growth above baseline for Oxford City Council is reflective of the opening of the Westgate Shopping Centre. On 1 April 2021 the government will re-adjust all Councils' business rates baseline, which will inevitably reduce the amount of business rates growth that can be retained by the Council. On the basis that the Council is currently significantly above its baseline, the Council has 'further to fall' and consequently this represents a significant risk to the Council's financial position. Although mitigation has been put in place there is still considerable uncertainty about the financial impact on the Council.
- At £3.6 million the General Fund Working Balance at around 14% of net revenue expenditure is deemed high risk in the survey. Whilst this is far short of the upper end of the sample group at 252% it is still considered by the Council's Section 151 Officer to be a reasonable level for this authority especially when combined with earmarked reserves.

21. Whilst the CIPFA work does provide some useful comparisons with other similar authorities, it does also indicate the subjectivity of the exercise.

Earmarked Reserves

22. Earmarked reserves will reduce over the 2 year period ended 31 March 2021 from £60 million to around £41million. Approximately 53% (£33 million) of the General fund and HRA Earmarked Reserves as at 1April 2019 relate to the funding of the Council's £424 million Capital Programme. A full schedule of reserves and balances is attached at Appendix A with an explanation as to their intended use and the anticipated position as at the end of this financial year and next. A summary is shown below:

Table 2: Earmarked reserves and working balances

Table 2 : Earmarked Reserves and Working Balances			
Reserve Description	Balance 01/04/2019	Projected Balance 31-03-20	Projected Balance 31-03-21
	£000's	£000's	£000's
GENERAL FUND			
Earmarked Reserves	33,892	24,395	21,583
Working Balances	3,904	4,138	4,374
Sub Total	**37,796**	**28,532**	**25,956**
HOUSING			
Earmarked Reserves	25,943	23,793	18,793
Working Balances	4,941	5,432	5,884
Sub Total	**30,884**	**29,225**	**24,677**
Insurance Funds	**1,165**	**1,165**	**1,165**
TOTAL	**69,844**	**58,922**	**51,798**

23. Earmarked reserves include:

    - ring fenced accounts funded by third parties which must be repaid if not used for the purpose specified, e.g.Salix Fund and much of the Grants Reserve
    - reserves which have a statutory limitation on their use; such as the Taxi Licensing Reserve and the HMO Licensing Reserve
    - accounts which it is considered prudent to set aside for a specific purpose such as the Insurance Fund
    - committed but unspent budgeted amounts carried forward at the end of the financial year to fund/complete specific projects

24. **General Fund Working Balance -** This is forecast to be around £4 million at 31 March 2020 representing 2.5% of gross General Fund expenditure and 16% of net expenditure. Although increasing over the next 12 month period the MTFS indicates that over the next 4 years it will reduce to around £3.5 million, a level deemed to be reasonable by the Council's Section 151 Officer to cover any unexpected eventualities.

25. **Housing Revenue Account Working Balance**– The amount as at 31 March 2020 is estimated at £5.4 million representing around 12% of gross rental expenditure.

Sensitivity Analysis

26. Whilst the authority would be exceptionally unlucky to suffer adverse consequences from all potential sources of risk in the course of a financial year risks relating to individual income streams can be significant. The following analysis indicates the financial impact of a 10% variation

Table 3: Sensitivity Analysis

Table 3: Sensitivity Analysis		
10% Variation in Income And Expenditure		
	Gross £000's	**Risk** £000's
Car Parking Income	6,800	680
Commercial rent income	12,200	1,220
Dividend from ODS	1,693	169
Business Rates	9,000	900
Returns from OCHL	1,300	130
Other investment interest	1,416	142
Homelessness expenditure	7,400	740
Planning income	1,600	160
Total	**41,409**	**4,141**

Treasury Management

27. Reserves and Balances are an essential part of cash balances on which the Treasury function is based. Whilst waiting to be used they will attract interest ranging from 0.6% to 6% per annum depending how they are invested. Longer term investments such as property funds and lending to companies including the Council’s wholly owned companies will attract interest in the region of 4.5% to 6%, while investments held for short term liquidity purposes will be at the lower end. The budget for investment interest from all sources is around £4.3 million per annum at 1April 2020 rising to £5.3 million over the next 4 years. Reserves and balances can also be ‘internally borrowed’ essentially deferring the need to borrow externally to meet capital commitments. Such borrowing is currently cheaper than accessing external borrowing sources such as the Public Works Loan Board (PWLB).

Progress on the 2019/20 Budget

28. Budget monitoring for the 6 months ending 31 December 2019 indicates that the Council is on target to achieve its General Fund budget of £23.205 million. The Housing Revenue Account is expected to be in line with original budget.

Conclusion

29. I have reviewed the budget preparation process for 2020-21 to 2023-24 and the level of reserves and balances. The Council still faces significant financial uncertainty; with a number of areas of clarification required from the Government around Business Rates Retention and pressures around income streams especially car parking. Brexit may also bring additional financial pressures depending on the reaction of the financial markets and also of local businesses. In addition there is an expectation that ODS will deliver £1.4 million of dividend back to the Council in 2020-21 and an additional £1.4 million at the end of the 4 year MTFS and ongoing. There is also a significant reliance of investment interest returns from loans to the

Council's Housing Company, OxWed and other investments in the order of £5.3million ongoing from 2023-24.

30. In relation to the HRA, there is a significant increase in borrowing to facilitate affordable housing purchases from the Council's wholly owned company although analysis would suggest that these purchases are financially viable in terms of Internal Rate of Return, Payback and Net Present Value.

31. Despite the issues highlighted above the Council has undertaken a rigorous process in its budget setting for the Medium Term and more specifically I would conclude that:

    - The process for the formulation of General Fund, HRA and Capital budgets, together with the level of challenge, provides a reasonable assurance of their robustness.
    - The approach which has been taken to those funding streams which are currently uncertain is prudent and puts the Council in a positive position to manage underlying pressures going forward.
    - The level of contingencies provided for unachieved efficiency savings and income projections etc. is prudent.
    - The level of the Council's total reserves is sufficient to provide:
        - A working balance to cushion the impact of unexpected events or uneven cash flows and
        - The setting aside of funds to meet known or anticipated liabilities (earmarked reserves).

Financial Implications

32. Pending their use, Earmarked Reserves and Balances provide a useful source of revenue investment income for the authority estimated at £1.0 million for 2020/21 as well as being available for 'internal borrowing', thereby mitigating the costs of external borrowing in the short term.

Legal Implications

33. In addition to the obligation for the Chief Finance Officer to report under Section 25 of the Local Government Act 2003 set out in the purpose of this report, the provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon, and requires the Council to set a balanced budget having regard to the advice of its chief finance officer (section 151).

Risk Implications

34. An analysis of 'Key Risks' is shown in the main Budget report elsewhere on the agenda and should be considered before making any decisions upon the use of reserves.

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Appendix A – Reserves and Balances 1-4-2019 to 31-3-2021

Ref	Reserve Description	Balance 01/04/19 £000's	Projected Balance 31-03-20 £000's £000's	Projected Balance 31-03-21 £000's £000's
General Fund Earmarked Reserves				
	Ring fenced accounts funded by third parties			
1	SALIX Energy Projects Reserve	736	641	641
2	Barton Reserve	159	159	159
3	Oxford Strategic Partnership reserve	93	19	19
54	Blue Bin League Reserve	72	72	72
52	S106 Commuted sums	482	382	382
49	BOB MK	9	9	9
66	Growth Deal - JSSP	197	197	197
	Other ring fenced accounts			
6	Taxi Licence Reserve	249	249	249
7	Grants Reserve	4,199	5,700	5,700
8	HMO Licensing	29	29	29
10	General Licensing Reserve	16	16	0
	Other earmarked reserves			
12	Town Hall Equipment Reserve	20	20	20
13	Work Of Art Reserve	5	5	5
15	Severance Reserve	988	988	988
16	ICT Infrastructure Reserve	1,369	0	0
17	Repairs & Maintenance Reserve	840	243	243
18	Leisure Repairs & Maintenance	175	175	0
19	Business Transformation and Special Projects	842	277	56
20	City Council Elections Reserve	34	91	91
21	Chief Executive´s Fund	3	3	3
23	Capital Funding Reserve	7,372	5,555	3,555
25	Agresso Improvement Reserve	280	230	230
31	Homelessness Reserve	552	471	471

33	Lord Mayors Deposit Scheme	52	52	52
36	Community Partnership Fund	245	245	245
37	Community and Neighbourhoods Reserve	125	94	94
38	Town Team Partners	10	10	10
42	Emergency Flood Reserve	357	357	357
43	Park and Ride - County Contribution to Maintenance	117	117	117
44	Organisational Development Reserve	487	487	487
48	Severe Weather Recovery Scheme	42	42	42
50	NNDR Retention Reserve	4,731	2,159	3,159
4	Economic Development Reserve	3	3	3
22	Indirect Property Fund	487	487	487
26	Museum Development Reserve	15	4	4
29	OxFutures Reserve	231	231	231
35	Dry Recyclate Reserve	1,400	1,400	0
40	Housing Benefits	504	304	304
53	External Legal Fees	89	89	89
55	Pear Tree Park and Ride	41	41	41
57	Grenoble Road Reserve	257	257	257
58	Vehicle purchase reserve	2,300	300	300
59	Northway and Marston Flood Alleviation	606	606	606
60	Regeneration Projects Reserve	310	310	310
61	Public Health Burials Reserve	21	21	21
62	Ward Member Allowances Reserve	72	72	72
63	Recycling Incentive	100	100	100
64	Apprentices Reserve	207	207	207
65	Private Sector Safety Financial Penalties	263	263	263
67	Local Plan Costs	130	130	130
	Committed unspent budgeted amounts			
45	Committed Projects Reserve	1,972	478	478
	Self-Insurance Funds			
46	Self-Insurance Funds	1,165	1,165	1,165
Total General Fund Earmarked Reserves		**35,057**	**25,560**	**22,748**
General Fund Working Balance		**3,904**	**4,138**	**4,374**

Housing Revenue Account Earmarked Reserves				
2	HRA CRM Reserve	120	120	120
3	IT Equipment Reserve	196	196	196
5	Capital Projects Reserve	25,157	23,007	18,007
6	Direct Payment Project Arrears	101	101	101
7	Eco Funding	119	119	119
8	Feasibility Studies Reserve	250	250	250
Total HRA Earmarked Reserves		**25,943**	**23,793**	**18,793**
Housing Revenue Account Working Balance		**4,941**	**5,432**	**5,884**
Total Council Reserves and Balances		**69,845**	**58,922**	**51,798**

NOTES TO RESERVES

General Fund Earmarked Reserves

1 **The Salix Energy Projects reserve** created from a grant made available via Salix. The fund is used to loan money to Service Areas within Oxford City Council. Services then utilise these funds to implement energy efficient schemes. Savings on energy costs are then used to repay the initial loan.

2 **Barton** – The balance of a Housing Communities Agency grant to fund set up costs in relation to the joint venture with Grosvenor for the development of housing at Barton.

3 **Oxford Strategic Partnership** – balance of Local Area Agreement / Breaking cycle of deprivation funding received.

4 **Economic Development Reserve** – remaining balance of unspent budgets relating to City Deal

5 **Improvement Efficiency Social Enterprise Grant Reserve** – remaining balance of grant allocation from the Improvement and Efficiency Social Enterprise for Oxfordshire Procurement Hub.

6 **The Taxis A/C reserve** was created to manage the ring fenced taxi licensing cost centre. Surplus / deficits associated with this cost centre are collected and the balance is used to improve and / or address pressures within the Taxi Licensing area.

7 **Grants Reserve** -A reserve established under accounting convention to accumulated all unspent balances of grants received in the year pending their spend on projects including Oxfordshire Sports Partnership, Homelessness, Community Safety and flood prevention.

8 **Houses in Multiple Occupation Licensing Reserve** – Ringfenced licensing income in respect of HMO’s to fund future service area expenditure.

10 **General Licensing Reserve** – net surplus on the administration of licences

12 **The Town Hall Equipment Reserve** is used to fund new / replacement or repair of Town Hall equipment. The balance represents the net surplus of this cost centre year on year.

13 **The Work of Art Reserve** - created to aid the purchase or restoration of Council works of art.

14 **The Shopmobility Reserve -** created to fund replacement or repair of Shopmobility equipment. Any under or overspend associated with the service is collected in this reserve account.

15 **Severance Reserve** - created to cover any unexpected pressures related to employee costs e.g compensation for loss of office.

16 **The IT Infrastructure Reserve** is used to fund IT Infrastructure replacement across the Council.

18 **Leisure repairs and maintenance** – established to fund repairs and refurb of leisure centres.

19 **The Business Transformation Reserve** is a transitory account. At the year end budgets associated with transformation projects not yet completed are transferred to this reserve. At the start of the following year projects are approved to continue and the funds allocated back to the projects.

20 . **The City Council Elections reserve** is created from the budget surplus / deficit on the City Council Elections cost centre. City elections are held every 2 years and this reserve is used to fund additional costs in election year

21 **Chief Executives Fund** – used for initiatives put forward by Chief Exec

22 **Indirect Property Fund –** To fund any shortfall in the value of indirect property funds

23 **Capital Funding Reserve** – created to fund capital expenditure.

25 **Agresso Improvement Reserve** – used to fund the implementation of modules on the Financial Management system

26 **Museum Development Reserve** – Funding to support the future development of the museum

27 **Disabled Community Transport** – to fund community transport for elderly persons

29 **Oxfutures Reserve –** to cover potential liabilities around the Oxfutures EU Grant

31 **Homelessness** – unspent budget and grant monies associated with homelessness.

33 **Lord Mayors Deposit Scheme** to help people on a low income afford to move into private rented accommodation by issuing a Deposit Guarantee Bond to landlords.

34 **Homes Choice Funds** – needed as top-up for bonds/deposits re Private Sector properties.

35 **Dry Recyclate Reserve** – Reserve to cover the cost of funding a waste transfer station included within the Councils Capital Programme

36 **Communities Partnership Fund** – Used in connection with community safety schemes

37 **Community and Neighbourhood Reserve-** includes ring-fenced project funding for Connecting Communities, Community Actions Groups and Wood Farm Community Centre.

38 **Town Team Partners-** grant to improve the High Street working with Local Businesses. Additional financial support for the City Council will be required to work up a scheme.

40 **Housing Benefit reserve–** established to cushion the revenue account from unexpected variations in housing benefit subsidy

41 **Westgate Redevelopment Reserve** – established to fund the provision of temporary car parking following the demolition of Westgate multi story car park in relation to the redevelopment of the Westgate

42 **Emergency Flood Reserve** – established to cover the costs of flooding in the city

43 **Park and Ride maintenance** – monies in respect of maintenance of park and ride car parks

44 **Organisational Development Reserve –** This fund was set up in to fund the Council's Partnership Payment and support the Council's organisational development aspirations.

45 **Committed projects** is a reserve relating to the carry forward unspent budgeted amounts from previous years for committed projects

46 **The Self-Insurance Reserve** is used to cover claim costs that are below the Council's insurance policy excess limit. The fund was subject to actuarial review in 2012/13 and will be adjusted in line with any recommendations flowing from it

48 **Severe Weather Recovery Scheme** – Grant to be used in connection with costs incurred by the council arising from flooding

49 **BOB MK** – Oxford City Council hosts a Planning Forum funded by subscriptions received from Local Authorities in Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes. The budget is ring-fenced and any surpluses in year need to be carried forward to future years.

50 **NNDR Retention Reserve** - Reserve created to cushion the effect on the of Business Rates appeals on the councils Retained Business Rates income

52 **Commuted sums** – sums received from developers to fund revenue maintenance works

53 **Legal fees –** balance of budget for central legal fees fund

54 **Blue bin league** – External monies received to promote recycling

55 **Pear Tree park and ride –** to cover outstanding permit claim re Pear Tree Park and Ride

56 **Housing Needs Reserve** –Balance of Community Housing Fund to cover payments to Community First

57 **Grenoble Road -**To cover the Councils contribution to the planning application at Grenoble Road

58 **Vehicles** -Sinking fund for the purchase of vehicles

59 **Flood Maintenance** -25yrs Repairs and Maintenance for Northway & Marston Flood scheme

60 **Regeneration Projects Reserve**

61 **Public Health Burials Reserve** - to cover legal duty to bury or cremate the body of any person who has died in Oxford where no other arrangements are made

62 **Ward Member Allowances Reserve-** Includes amounts of unspent budget remaining at year end

63 **Recycling Incentive** – Government monies to promote recycling

64 **Apprentices Reserve –** Includes amounts of unspent budget relating to apprentices at year end

65 Private Sector Safety Financial Penalties

66 **Growth Deal –** Government grant received from the County Council as accountable body pending use of the Joint Spacial Strategic Plan (JSSP)

67 **Local Plan Costs** – Held pending use of the Local Plan preparation

Housing Revenue Account Earmarked Reserves

2 **The IT Projects Reserve** is to fund the HRA element of IT development projects

3 **The IT equipment reserve** is to fund future IT equipment purchased used specifically for HRA activity e.g. Housing Rents and Servitor job costing

5 **Capital Projects Reserve** – reserve created to manage variations in the HRA capital programme

6 **Direct Payment Arrears** – payment from the DWP in respect of tenant arrears arising from the direct payment project

7 **Eco funding -** External monies received for solar panels on council house roofs

8 **Feasibility Studies Reserve** – held pending use of money on capital schemes requiring funding of feasibility studies

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OXFORD CITY COUNCIL

To:	**Licensing & Gambling Acts Committee**
Date:	**3 February 2020**
Report of:	**Head of Regulatory Services and Community Safety**
Title of Report:	**Licensing Act 2003 and Gambling Act 2005** **Licence Fees and Charges for the 2020/21 financial year**

Summary and recommendations	
Purpose of report:	To seek agreement of the licence fees for 2020/21 where the Council has discretion over the level of fee charged
Corporate Priority	Vibrant Sustainable Economy
Policy Framework	Statement of Licensing Policy, Statement of Gambling Licensing Policy
Recommendation(s): That the Licensing & Gambling Acts Committee resolves to:	
1. **Agree** the licence fees and charges for 2020/21 as set out in the Appendix 1 and recommend them to Council	

Appendices	
Appendix 1	Licensing & Gambling Acts Fees and Charges 2020/21

Introduction

1. The purpose of this report is to seek agreement to the licence fees and charges for 2020/21 where the Council has discretion over the level of fee charged. The proposed fees and charges are set out at **Appendix 1.**
2. This Committee is responsible for recommending fees under the Licensing Act 2003 and Gambling Act 2005. Fees for other types of licence will be the subject of a separate report to General Purposes Licensing Committee. All fees under the Licensing Act are set by statute.
3. The Authority has discretion under the Gambling Act to set Gambling Premises Licence fees up to the statutory maximum. Fees for Gaming Machine Permits and Temporary Use Notices are set by statute.

4. The general principles when setting fees are that they must be reasonable, proportionate and not exceed the cost of the procedures and formalities under the relevant licensing scheme, including staffing, training, administration, testing, inspections, regulation, and hearings.

5. It is proposed that for the 2020/21 Council year that no substantial variation to the current fees and charges is made in order to provide financial stability to licence holders in the present economic climate.

6. The miscellaneous charges which have been reviewed to cover the authority cost recovery can be found in **Appendix 1.**

Financial implications

7. The Council is responsible for collecting licence fees for these functions. Predicted income from licence fees is included in the Council's budget.

Legal issues

8. The power to levy fees is contained in the legislation relevant to each function or in the Local Government Act 2003 in relation to discretionary services. Licensing is not a revenue raising function and fees and charges should reasonably represent the costs of carrying out the function.

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	General Licensing Team Leader **Regulatory Services and Community Safety** **01865 252565** **adumitru@oxford.gov.uk**

LICENSING & GAMBLING ACTS COMMITTEE FEES & CHARGES 2020/2021	2019/20 Charge	2020/21 Charge	Increase/ (Decrease)	Increase/ (Decrease)
Licensing Act 2003				
Application fee				
Application and Variation Fees - Premises Licenses and Club Premises Certificates - Minimum	100.00	100.00	0.00	0.00
Application and Variation Fees - Premises Licenses and Club Premises Certificates - Maximum	635.00	635.00	0.00	0.00
Enhanced fee for some premises with rateable value above £87,001 - Minimum	900.00	900.00	0.00	0.00
Enhanced fee for some premises with rateable value above £87,001 - Maximum	1905.00	1905.00	0.00	0.00
Additional fee for capacity of more than 5,000 people - Minimum	1000.00	1000.00	0.00	0.00
Additional fee for capacity of more than 5,000 people - Maximum	64000.00	64000.00	0.00	0.00
Annual fee				
Premises Licenses and Club Premises Certificates - Minimum	70.00	70.00	0.00	0.00
Premises Licenses and Club Premises Certificates - Maximum	350.00	350.00	0.00	0.00
Enhanced fee for some premises with rateable value above £87,001 - Minimum	640.00	640.00	0.00	0.00
Enhanced fee for some premises with rateable value above £87,001 - Maximum	1050.00	1050.00	0.00	0.00
Additional fee for capacity of more than 5,000 people - Minimum	500.00	500.00	0.00	0.00
Additional fee for capacity of more than 5,000 people - Maximum	32000.00	32000.00	0.00	0.00
Other Application Fees				
Personal License	37.00	37.00	0.00	0.00
Transfer of Premises Licence	23.00	23.00	0.00	0.00
Change of address	10.50	10.50	0.00	0.00
Copy of licence	10.50	10.50	0.00	0.00
Temporary Event Notice	21.00	21.00	0.00	0.00
Provisional Statement	315.00	315.00	0.00	0.00

LICENSING & GAMBLING ACTS COMMITTEE FEES & CHARGES 2020/2021	2019/20 Charge	2020/21 Charge	Increase/ (Decrease)	Increase/ (Decrease)
Gambling Act 2005 - Premises				
Bingo Premises				
Application (3500 max permitted)	930.00	930.00	0.00	0.00
Annual fee (1000 max permitted)	610.00	610.00	0.00	0.00
Variation application (1750 max permitted)	1330.00	1330.00	0.00	0.00
Transfer application (1200 max permitted)	430.00	430.00	0.00	0.00
Reinstatement application (1200 max permitted)	555.00	555.00	0.00	0.00
Provisional statement application (3500 max permitted)	805.00	805.00	0.00	0.00
Copy of licence	25.00	25.00	0.00	0.00
Notification of a change	50.00	50.00	0.00	0.00
Family Entertainment Centre				
Application (2000 max permitted)	750.00	750.00	0.00	0.00
Annual fee (750 max permitted)	680.00	680.00	0.00	0.00
Variation application (1000 max permitted)	1000.00	1000.00	0.00	0.00
Transfer application (950 max permitted)	400.00	400.00	0.00	0.00
Reinstatement application (950 max permitted)	485.00	485.00	0.00	0.00
Provisional statement application (2000 max permitted)	660.00	660.00	0.00	0.00
Copy of licence	25.00	25.00	0.00	0.00
Notification of a change	50.00	50.00	0.00	0.00
Adult Gaming Centre				
Application (2000 max permitted)	750.00	750.00	0.00	0.00
Annual fee (1000 max permitted)	680.00	680.00	0.00	0.00
Variation application (2000 max permitted)	1030.00	1030.00	0.00	0.00
Transfer application (1200 max permitted)	400.00	400.00	0.00	0.00
Reinstatement application (1200 max permitted)	485.00	485.00	0.00	0.00
Provisional statement application (2000 max permitted)	660.00	660.00	0.00	0.00
Copy of licence	25.00	25.00	0.00	0.00
Notification of a change	50.00	50.00	0.00	0.00
Betting Premises (Track)				
Application (2500 max permitted)	890.00	890.00	0.00	0.00
Annual fee (1000 max permitted)	805.00	805.00	0.00	0.00
Variation application (1250 max permitted)	1250.00	1250.00	0.00	0.00
Transfer application (950 max permitted)	420.00	420.00	0.00	0.00
Reinstatement application (950 max permitted)	520.00	520.00	0.00	0.00
Provisional statement application (2500 max permitted)	730.00	730.00	0.00	0.00
Copy of licence	25.00	25.00	0.00	0.00
Notification of a change	50.00	50.00	0.00	0.00
Betting Premises (Other)				
Application (3000 max permitted)	835.00	835.00	0.00	0.00
Annual fee (600 max permitted)	600.00	600.00	0.00	0.00
Variation application (1500 max permitted)	1160.00	1160.00	0.00	0.00
Transfer application (1200 max permitted)	420.00	420.00	0.00	0.00
Reinstatement application (1200 max permitted)	520.00	520.00	0.00	0.00
Provisional statement application (3000 max permitted)	730.00	730.00	0.00	0.00
Copy of licence	25.00	25.00	0.00	0.00
Notification of a change	50.00	50.00	0.00	0.00

LICENSING & GAMBLING ACTS COMMITTEE FEES & CHARGES 2020/2021	2019/20 Charge	2020/21 Charge	Increase/ (Decrease)	Increase/ (Decrease)
Gambling Act 2005 - Permits				
Alcohol Premises Gaming Machine Permits				
Application	150.00	150.00	0.00	0.00
Existing operator application	100.00	100.00	0.00	0.00
Annual fee	50.00	50.00	0.00	0.00
Permit variation fee	100.00	100.00	0.00	0.00
Transfer of permit	25.00	25.00	0.00	0.00
Change of name on permit	25.00	25.00	0.00	0.00
Copy of permit	15.00	15.00	0.00	0.00
Notification of 2 machines	50.00	50.00	0.00	0.00
Club Gaming Permits and Club Gaming Machine Permits				
Application	200.00	200.00	0.00	0.00
Application (Club Premises Certificate holder)	100.00	100.00	0.00	0.00
Annual fee	50.00	50.00	0.00	0.00
Permit variation fee	100.00	100.00	0.00	0.00
Renewal	200.00	200.00	0.00	0.00
Renewal (Club Premises Certificate holder)	100.00	100.00	0.00	0.00
Permit variation fee	100.00	100.00	0.00	0.00
Copy of permit	15.00	15.00	0.00	0.00
Family Entertainment Centre Gaming Machine Permits				
Application	300.00	300.00	0.00	0.00
Existing operator application	100.00	100.00	0.00	0.00
Renewal	300.00	300.00	0.00	0.00
Change of name on permit	25.00	25.00	0.00	0.00
Copy of permit	15.00	15.00	0.00	0.00
Gambling Act 2005 Temporary Use Notice				
Submission of Notice	500.00	500.00	0.00	0.00
Copy of Notice	25.00	25.00	0.00	0.00
Miscellaneous Charges				
Copy of Premises/Person Entry in Licensing Register	21.00	**22.00**	**1.00**	**4.76**
Statement of Licensing Policy document	41.00	**43.00**	**2.00**	**4.88**
Statement of Gambling Policy document	41.00	**43.00**	**2.00**	**4.88**
Copy of Licensing Decision Notice	21.00	**22.00**	**1.00**	**4.76**
Current list of licensing applications	10.50	**11.00**	**0.50**	**4.76**
Viewing of Films requiring Certification - Per 15 Minutes	7.50	**8.00**	**0.50**	**6.67**
Issue of Film Certification	7.50	**8.00**	**0.50**	**6.67**

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Minutes of a meeting of the LICENSING AND GAMBLING ACTS COMMITTEE on Monday 3 February 2020

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OXFORD CITY COUNCIL

Committee members:

Councillor Cook (Chair)

Councillor Lygo (Vice-Chair)

Councillor Corais

Councillor Fry

Councillor Gotch

Councillor Humberstone

Councillor Landell Mills

Councillor Lloyd-Shogbesan

Councillor Tanner

Councillor Taylor

Councillor Upton

Councillor Wade

Officers:

Daniel Smith, Lawyer
Joshua Curnow, Senior Licensing Compliance Officer
Katie Thorp, Licensing Compliance Officer
John Mitchell, Committee and Member Services Officer

Apologies:

Councillor Clarkson sent apologies.

8. Declarations of interest

None.

9. Licensing and Gambling Acts Fees and Charges 2020/21

The Head of Regulatory Services and Community Safety had submitted a report to seek agreement to the licence fees for 2020/21 where the Council has discretion over the level of fee charged.

The Licensing Officer introduced the report, explaining that it was proposed that there should be no substantial variation to those fees and charges covered by the report for the 2020/21 Council year with the only changes being made in relation to Miscellaneous Charges. He reminded the Committee that the majority of fees covered by this report are set by statute

The Committee resolved to:

Agree the licence fees and charges for 2020/21 as set out in the Appendix 1 of the report and recommend them to Council.

10. Minutes

The Committee resolved to:

Approve the minutes of the meeting held on 14 May 2019 as a true and accurate record.

11. Dates of future meetings

Meetings are scheduled on:

- 21 May 2020
- 22 September 2020

The meeting started at 6.00 pm and ended at 6.10 pm

Chair ………………………….. **Date: Thursday 21 May 2020**

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OXFORD CITY COUNCIL

To:	**General Purposes Licensing Committee**
Date:	**3 February 2020**
Report of:	**Head of Regulatory Services and Community Safety**
Title of Report:	**Commercial Events, Hackney Carriage and Private Hire, Road Closure Orders, Scrap Metal Dealers, Sex Establishments and Street Parties: Licence Fees and Charges for the 2020/21 financial year**

Summary and recommendations	
Purpose of report:	To seek agreement of the licence fees for 2020/21 where the Council has discretion over the level of fee charged
Corporate Priority	Vibrant Sustainable Economy
Policy Framework	None
Recommendation: That the General Purposes Licensing Committee resolves to:	
1. **Agree** the licence fees and charges for 2020/21 as set out in the Appendix 1 and recommend them to Council	

Appendices	
Appendix 1	Commercial Events, Hackney Carriage and Private Hire, Road Closure Orders, Scrap Metal Dealers, Sex Establishments and Street Parties Fees and Charges 2020/21

Introduction

1. The purpose of this report is to seek agreement to the licence fees and charges that should apply for 2020/21, for those activities where the Council has discretion. This report does not cover the fees for Licensing and Gambling Act activities, which are reported separately to the Licensing and Gambling Acts Committee.
2. The fees and charges detailed within this report and found at **Appendix 1** relate solely to the functions of the General Licensing Team. A further report will be provided to Members in relation to the fees and charges related to the functions of the Miscellaneous Licensing Team.
3. The statutory principle in relation to the setting of fees is that they should be reasonable, proportionate and not exceed the cost of the procedures and formalities of the relevant licensing scheme, including staffing, training, administration, testing, inspections, hearings, and regulation.

4. Licence fees set by the Council and administered in the General Licensing function consist of Commercial Events, Hackney Carriage and Private Hire, Road Closure Orders, Scrap Metal Dealers and Sex Establishments.

Commercial Events and events with no commercial element (including street parties)

5. The making of Temporary Road Closure Orders under the Town Police Clauses Act 1847 is a discretionary service and the Council may make a charge for carrying it out, as long as the charge does not exceed the costs to the Authority.
6. A number of Road Closure applications have been made in the last year for events involving a commercial element, such as for Christmas Market, Little Clarendon Street Market, Art Market, North Parade Market, Christmas Light Festival etc.
7. A number of Road Closure applications have been submitted in the last year for street parties which do not include a commercial element. Such closures are community and local residents based.
8. The proposed fees can be found in **Appendix 1.**

Hackney Carriage and Private Hire Licence Fees and Charges

9. Amendments to some of the 'Additional Charges' section has been proposed to recover Authority costs. Those can be found in **Appendix 1**.

Scrap Metal Dealers

10. The licensing of Scrap Metal Dealers and collectors is an executive function which is the responsibility of Cabinet. Therefore the setting of fees does not fall to this Committee. The fees for this function can be found in Appendix 1 for Members to note.

Sex Establishments and Sexual entertainment venues

11. The fee for a Licence Variation / Transfer application for the sex establishment and sexual entertainment venues have been recalculated in line with the new and renewal application fees. Those can be found in **Appendix 1.**

Financial implications

12. The Council is responsible for collecting licence fees for these functions. Predicted income from licence fees is included in the Council's budget estimates for 2020/21.

Legal issues

13. The power to levy fees is contained in the legislation relevant to each function or in the Local Government Act 2003 in relation to discretionary services. Fees and charges should reasonably represent the costs of carrying out the function.

Report author	**Anna Dumitru**
	General Licensing Team Leader **Regulatory Services and Community Safety** **01865 252565** adumitru@oxford.gov.uk

APPENDIX 1

GENERAL PURPOSES LICENSING COMMITTEE FEES & CHARGES 2020/2021	2019/20 Charge £	2020/21 Charge £	Increase/ (Decrease) £	Increase/ (Decrease) %
Taxi Licensing:				
VEHICLES				
Hackney Carriage	400.00	400.00	0.00	0.00
Hackney Carriage (Low Emission Vehicle)	300.00	300.00	0.00	0.00
Hackney Carriage (ULEV Early Adopter Discount)	0.00	0.00	0.00	0.00
Hackney Transfer of Ownership	100.00	100.00	0.00	0.00
Hackney Change of Vehicle	100.00	100.00	0.00	0.00
Hackney Temporary Vehicle	75.00	75.00	0.00	0.00
Private Hire	262.00	262.00	0.00	0.00
Private Hire (Low Emission Vehicle)	162.00	162.00	0.00	0.00
Private Hire (ULEV Early Adoprer Discount)	0.00	0.00	0.00	0.00
Private Hire Transfer	100.00	100.00	0.00	0.00
Private Hire Change of Vehicle	100.00	100.00	0.00	0.00
Private Hire Temporary Vehicle	75.00	75.00	0.00	0.00
Taxi Licensing:				
DRIVERS				
Hackney Combined (1 year licence)	115.00	115.00	0.00	0.00
Hackney Combined (3 year licence)	345.00	345.00	0.00	0.00
Hackney Combined (3 year licence only) for Oxfordshire Licensed drivers with 1 full year on current licence	230.00	230.00	0.00	0.00
Hackney Combined (3 year licence only) for Oxfordshire Licensed drivers with 2 full years on current licence	115.00	115.00	0.00	0.00
Private Hire (1 year licence)	101.00	101.00	0.00	0.00
Private Hire (3 year licence)	303.00	303.00	0.00	0.00
Private Hire (3 yesr licence only) for Oxfordshire Licensed drivers with 1 full year on their current licence	202.00	202.00	0.00	0.00
Private Hire (3 yesr licence only) for Oxfordshire Licensed drivers with 2 full year on their current licence	101.00	101.00	0.00	0.00
Taxi Licensing:				
ADDITIONAL CHARGES:				
Mandatory Safeguarding Awareness Test - provided by Oxfordshire County Council - Removed	**15.00**	**N/A**		
Mandatory Safeguarding and Disability Awareness Training - New	N/A	**50.00**		
Local Knowledge & Safeguarding Test	75.00	75.00	0.00	0.00
Local Knowledge & Safeguarding Re-Test	75.00	75.00	0.00	0.00
Disability Awareness Course - Removed	**45.00**	**N/A**		
DBS check - new driver only, at cost	50.00	50.00	0.00	0.00
DVLA check - for new applicants only, at cost	7.00	7.00	0.00	0.00
Licence badge/replacement badge	10.00	10.00	0.00	0.00
Replacement external plate	25.00	25.00	0.00	0.00

GENERAL PURPOSES LICENSING COMMITTEE FEES & CHARGES 2019/2020	2019/20 Charge	2020/21 Charge	Increase/ (Decrease)	Increase/ (Decrease)
	£	£	£	%
Internal Vehicle Licence Plate	15.00	15.00	0.00	0.00
Replacement Internal Vehicle Licence Plate	15.00	15.00	0.00	0.00
Exempt badge/replacement badge	25.00	25.00	0.00	0.00
Replacement approved fare chart	2.00	**4.00**	**2.00**	**100.00**
Replacement approved no smoking signs (includes VAT)	1.00	**2.00**	**1.00**	**100.00**
Duplicate paper licence (replacement)	5.00	5.00	0.00	0.00
Unpaid Cheque Charge	30.00	30.00	0.00	0.00
Amendments to Private Hire Operator Licence	100.00	100.00	0.00	0.00
Charge for Exemption Notice	50.00	50.00	0.00	0.00
Taxi Licensing:				
PRIVATE HIRE OPERATOR LICENCE				
Vehicle 3 & under (1 year licence)	490.00	490.00	0.00	0.00
Vehicle 4 & over (1 year licence)	980.00	980.00	0.00	0.00
Vehicle 3 & under (5 year licence)	2,450.00	2,450.00	0.00	0.00
Vehicle 4 & over (5 year licence)	4,900.00	4,900.00	0.00	0.00

GENERAL PURPOSES LICENSING COMMITTEE FEES & CHARGES 2019/2020	2019/20 Charge	2020/21 Charge	Increase/ (Decrease)	Increase/ (Decrease)
	£	£	£	%
Road Closures				
Commercial Event Road Closures- Events (under 500 people)	100.00	**105.00**	**5.00**	**5.00**
Commercial Event Road Closures- Market and Street Fairs	250.00	**255.00**	**5.00**	**2.00**
Commercial Event Road Closures- Events (500 or more people)	300.00	**305.00**	**5.00**	**1.67**
Road Closure with no commercial element inc Street Parties	15.00	**16.00**	**1.00**	**6.67**
Scrap Metal Dealers (Three Year Licence)				
New Site Licence	1220.00	1220.00	0.00	0.00
Renewal Site Licence	1220.00	1220.00	0.00	0.00
Variation Site Licence	300.00	300.00	0.00	0.00
New Mobile Collector Licence	605.00	605.00	0.00	0.00
Renewal Mobile Collector Licence	605.00	605.00	0.00	0.00
Variation Mobile Collector Licence	300.00	300.00	0.00	0.00
Sex Establishments				
Sex establishment (Sex Shop or Sex Cinema)- New	2508.00	2508.00	0.00	0.00
Sex establishment (Sex Shop or Sex Cinema)- Renewal	2508.00	2508.00	0.00	0.00
Sex establishment (Sex Shop or Sex Cinema)- Variation/ transfer	1175.00	**449.00**	**-726.00**	**-61.79**
Sexual entertainment venues new	5880.00	5880.00	0.00	0.00
Sexual entertainment venues renewal	5880.00	5880.00	0.00	0.00
Sexual entertainment variation/ transfer	1175.00	**449.00**	**-726.00**	**-61.79**

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To:	**General Purposes Licensing Committee**
Date:	**3 February 2020**
Report of:	**Head of Regulatory Services and Community Safety**
Title of Report:	**Miscellaneous Licensing: Licence Fees & Charges for the 2020/21 financial year**

Summary and Recommendations

Purpose of report: To seek agreement of the licence fees for 2020/21 where the Council has discretion over the level of fee charged.

Policy Framework: Vibrant Sustainable Economy
Street Trading Policy 2019

Recommendation: The Committee is recommended to agree the licence fees and charges for 2020/21 as set out in Appendix A and recommend them to Council.

Introduction

1. The purpose of this report is to seek agreement to the licence fees and charges that should apply for 2020/21 for those activities where the Council has discretion as administered within the functions of the Business Regulation Team.
2. The fees and charges detailed within this report and found at Appendix A relate solely to the functions of the Business Regulation Team. A separate report is being provided to Members in relation to the fees and charges related to the functions of the General Licensing Team.
3. The statutory principle in relation to the setting of fees is that they should be reasonable and should relate to the costs of performing the function, including staffing, administration, testing, inspections, hearings and regulation.
4. Licence fees set by the Council and administered in the Miscellaneous Licensing function comprise the following: Acupuncture, Ear Piercing, Electrolysis & Tattooing, Animal Boarding, Dangerous Wild Animals, Dog Breeding, Pavement Cafes, Pet Shops, Exhibiting Animals, Riding Establishments, Street Trading and Zoos.
5. An inflationary increase is proposed to the 2019/20 fees and charges to ensure the full cost recovery of the services provided, with the exception of Street Trading

Consent Fees where no variation to the Consent Fees is proposed in order to promote and support street trading

Financial Implications

6. The Council is responsible for collecting licence fees for these functions. Predicted income from licence fees is included in the Council's budget estimates for 2020/21.

Legal Implications

7. The power to levy fees is contained in the legislation relevant to each function or in the Local Government Act 2003 in relation to discretionary services. Licensing is not a revenue raising function and fees and charges should be reasonable and proportionate to the costs of the procedures and formalities of carrying out the function.

Name and contact details of authors:
David Stevens
Business Regulation Team Manager
Tel: 01865 (25) 2556
Email: dstevens@oxford.gov.uk

Appendix A: Proposed Fees & Charges for 2020/2021 applicable to the Miscellaneous Licensing functions within the Business Regulation Team

	2019/20 Charge	2020/21 Charge	Increase/ (Decrease)	Increase/ (Decrease)
	£	£	£	%
Street Trading Consents - subject to approval by General Purposes Licensing Committee				
City Centre & Late Night Traders				
Application Fee	335.00	345.00	10.00	2.99
Annual consent (Pro Rata for period of Consent)	8,180.00	8,180.00	0.00	0.00
Weekly Consent (Weekly Rota)	183.00	183.00	0.00	0.00
All other traders				
Application Fee	335.00	345.00	10.00	2.99
Annual consent (Pro Rata for period of Consent)	2,780.00	2,780.00	0.00	0.00
Peripatetic traders (mobile traders- e.g. icecream vans, sandwich vans)				
Application fee	110.00	115.00	5.00	4.55
Annual consent (Pro Rata for period of Consent)	1,445.00	1,445.00	0.00	0.00
General Charges				
Replacement Consent	33.50	34.50	1.00	2.99
Identification badge (per badge)	33.50	34.50	1.00	2.99
Events				
Street Trading at event for commercial benefit (up to 5 days) - per stall	28.50	29.50	1.00	3.51
Street Trading at event for commercial benefit (6-14 days) - per stall	46.00	47.50	1.50	3.26
Street Trading at event for community / charity benefit	No Fee	No Fee		
Street Café Licences - subject to approval by General Purposes Licensing Committee				
Annual Fee	790.00	815.00	25.00	3.16
Annual Neighbourhood Shopping Centre Fee based on location as per Local Plan	360.00	370.00	10.00	2.78
Miscellaneous Licensing - subject to approval by General Purposes Licensing Committee				
Acupuncture, ear piercing, electrolysis & tattooing (only payable on first registration - person)	122.00	126.00	4.00	3.28
Acupuncture, ear piercing, electrolysis & tattooing (only payable on first registration - premises)	245.00	253.00	8.00	3.27
Boarding for cats and/or dogs	297 + vet fee	306 + vet fee	9.00	3.03
Hiring out horses	297 + vet fee	306 + vet fee	9.00	3.03
Breeding dogs	297 + vet fee	306 + vet fee	9.00	3.03
Selling animals as pets	297 + vet fee	306 + vet fee	9.00	3.03
Keeping or training animals for exhibition	280 + vet fee	285 + vet fee	5.00	1.79
Request for variation	128.00	132.00	4.00	3.13
Request for re-inspection	128 + vet fee	132 + vet fee	4.00	3.13
Dangerous Wild Animals	440 + vet fee	455 + vet fee	15.00	3.41
Zoo	440 + vet fee	455 + vet fee	15.00	3.41

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Minutes of a meeting of the GENERAL PURPOSES LICENSING COMMITTEE on Monday 3 February 2020

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OXFORD CITY COUNCIL

Committee members:

Councillor Cook (Vice-Chair)
Councillor Corais
Councillor Gotch
Councillor Lloyd-Shogbesan
Councillor Tanner
Councillor Taylor
Councillor Wade

Officers:

Daniel Smith, Lawyer
David Stevens, Principal Environmental Health Officer
Joshua Curnow, Senior Licensing Compliance Officer
Samantha Broome, Licensing Officer
Katie Thorp, Licensing Compliance Officer
John Mitchell, Committee and Member Services Officer

Apologies:

Councillors Clarkson, Lygo and Wolff sent apologies.

19. Declarations of Interest

None.

20. Licence Fees and Charges for 2020/21 (Commercial Events, Hackney Carriage and Private Hire, Road Closure Orders, Scrap Metal Dealers, Sex Establishments and Street Parties)

The Head of Regulatory Services and Community Safety had submitted a report to seek agreement for the licence fees for 2020/21 where the Council has discretion over the level of fee charged.

The Licensing Officer introduced the report, drawing the Committee's attention to the fact that the licensing of Scrap Metal Dealers and collectors was an executive function (and the responsibility of Cabinet) and had been brought to the Committee just for its information.

The fee for a Licence Variation / Transfer application for the sex establishment and sexual entertainment venues had been recalculated in line with the new and renewal application fees which had been brought to a previous meeting of the Committee.

In relation to fees for temporary road closures for street parties and or commercial events the Committee was keen that thought should be given to exploring the possibility of a sliding scale of charges to the benefit of non-commercial, community enhancing activities (such as street parties). The Licensing Officer agreed to provide members of the Committee with data about the number and nature of street closures over the previous 12 months. This fee was differentiated on the basis of the number of people expected to attend, with a threshold of above and below 500. It was for the organisers of an event to determine what the number might be.

The Committee resolved to:

Agree the licence fees and charges for 2020/21 as set out in the Appendix 1 and recommend them to Council

21. Licence Fees and Charges for 2020/21 ((Miscellaneous Licensing)

The Head of Regulatory Services and Community Safety had submitted a report to seek agreement of the licence fees for 2020/21 where the Council has discretion over the level of fee charged.

The Principal Environmental Health Officer introduced the report, reminding the Committee of the wide spectrum of activities covered by it and which related solely to the functions of the Business Regulation Team.

While an inflationary increase was proposed to the previous year's fees and charges, it was not proposed to increase those for Street Trading Consent so as to promote and support street trading in the City.

The Committee resolved to:

Agree the licence fees and charges for 2020/21 as set out in Appendix A and recommend them to Council.

22. Minutes

The Committee resolved to:

Approve the minutes of the meeting held on 18 September as a true and accurate record.

23. Dates of Future Meetings

Meetings are scheduled on:

- 21 May 2020
- 22 September 2020

The meeting started at 6.15 pm and ended at 6.30 pm

Chair ………………………….. **Date: Thursday 21 May 2020**

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OXFORD CITY COUNCIL

To: **Council** **Date:** **13 February 2020**

Report of: **Head of Financial Services**

Report title: **Council Tax 2020/21**

Summary and recommendations

Purpose of report: To set out the necessary calculations to enable Council to set the 2020/21 Council Tax for Oxford City.

Key decision: Yes

Executive lead member: Councillor Ed Turner

Policy Framework: None

Recommendations: Council is asked to approve for 2020/21:

1. The City Council's precept and Council Tax requirement of £14,679,191 including Parish precepts and £14,407,726 excluding Parish precepts.
2. The average Band D Council Tax figure (excluding Parish Precepts) of £313.92 a **1.99%** increase on the 2019/2020 figure of £307.80. Including Parish Precepts the figure is £319.84, a 2.01% increase (see paragraphs 2 to 6).
3. A contribution of £10,000 to Old Marston Parish Council in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 9 and 10).
4. The amount of £623,305 to be treated as Special Expenses (see paragraph 13).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's precepts) as follows:

Littlemore	£358.22
Old Marston	£347.97
Risinghurst and Sandhills	£336.47
Blackbird Leys	£319.31
Unparished Area	£316.50

These figures include Parish Precepts and special expensing amounts as appropriate; in addition to the City-wide Council Tax of £300.34.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 17 below.

7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 18 below, and
8. The overall average Band D equivalent Council Tax of £2,063.56 including Parish Precepts (subject to confirmation of the Band D figures for the County Council and Police and Crime Commissioner).

Appendices

Appendix 1 Statutory Calculations Required for Setting of the Council Tax

Appendix 2 Council Tax Amounts per Band 2020/21

Appendix 3 Risk Implications

Background

1. The Localism Act, 2011 requires local authorities to calculate the amount of income to be collected from Council Tax based on the Band D charge multiplied by the Council's Tax Base. The City Council's calculation of this figure, the Council Tax Requirement, including the Parish Precepts is £14,679,191. The Council Tax Requirement for the Council's own purposes is £14,407,726. The detailed calculation is shown in Appendix 1.

Calculation of Basic Amount of Council Tax

2. The tax bases for the various parts of the City were approved by the Audit and Governance Committee on 9 January 2020 and totalled 45,895.5. This allows 2% for non-collection.
3. On 20 December 2019, the Provisional Local Government Finance Settlement was announced by the Secretary of State for the Ministry for Housing, Communities and Local Government. As previously announced at Spending Round 2019, the council tax referendum limit will be 2%.Social Care authorities are in addition allowed a 2% social care precept. The provisional settlement confirmed districts will be allowed to apply the higher of the referendum limit or £5.
4. The Basic Amount of Tax is calculated in accordance with Section 31B of the Local Government Finance Act 1992. Details are shown in Appendix 1 and summarised in Table 1 below.

Table 1 Basic amount of Band D Council Tax 2020/21

Requirement from Council Tax	**£14,407,726**
(including Parishes)	**£14,679,191**
Tax Base	45,895.5
Basic Amount of Council Tax Band D	**£313.92**
(including Parishes)	**£319.84**

5. The Basic Amount of Council Tax (excluding Parish precepts) represents a 1.99% increase on the 2019/20 figure of £307.80 and an annual increase of £6.12 or approximately 12p per week.
6. The Basic Amount of Council Tax is calculated by dividing the Council Tax Requirement by the Tax Base. This amount of tax is calculated purely to comply with statutory requirements.

Calculation of Actual Amounts of Council Tax

7. The calculation of the City Wide Tax is set out in Table 2 below:-

Table 2 City Wide Band D Council Tax 2020/21

Council Tax Requirement	**£14,679,191**
Less Parish Precepts	£271,465
Less Special Expenses (see para 13)	£623,305
City Wide Requirement	**£13,784,421**
Divided by Tax Base	45,895.5
City Wide Council Tax at Band D	**£300.34**

The City Wide Tax is payable by all dwellings throughout the authority's area.

8. The Parishes have issued the City Council with their precepts. These, and the associated special expensing requirement for other areas of the City, are as shown below.

Table 3 Band D Parish Precept & Special Expenses Addition 2020/21

	Parish Precept (net of funding)	**Unparished Area Special Expenses (net of Cemeteries)**	**Special Expense for Cemeteries**	**Total**	**Tax Base Numbers**	**Average Band D**
	£		**£**	**£**		**£**
Littlemore	103,555.82		888.43	104,444.25	1,804.5	57.88
Old Marston	60,969.00			60,969.00	1,280.0	47.63
Risinghurst and Sandhills	52,551.00		726.00	53,277.00	1,474.6	36.13
Blackbird Leys	54,389.00		1,449.20	55,838.20	2,943.5	18.97
Unparished Area		601,339.16	18,902.37	620,241.53	38,392.9	16.16
TOTAL	**271,464.82**	**601,339.16**	**21,966.00**	**894,769.98**	**45,895.5**	

Old Marston Parish

9. The May 2002 Guidance Note issued by Central Government (Dept. of Transport, Local Government and the Regions) on Financial Arrangements with Parish and Town Councils outlined principles that should be followed in financial arrangements between District and Parish Councils. These include:

   - Fairness in the provision of services (and access to them) by the principal authority between different parts of their area
   - Democratic control and accountability – to let local councils support additional services with additional expenditure

10. Old Marston Parish Council subsequently made a successful case to the Council for a contribution to the Parish in recognition of the additional expenditure that the Parish incurs in relation to maintaining the cemetery within the Parish. The use of the cemetery is not restricted to residents of that Parish; hence a contribution has been made to reduce the parish precept in recognition of this fact since 2008/09. For 2020/21 the Old Marston Parish Precept has been calculated as £70,969.00 and a recommendation is made to Council to reduce this by £10,000 to £60,969.00.

Unparished Areas of the City

11. Only part of the city area is parished.

12. In the Unparished Area the City Council itself undertakes the parish functions. Section 35 (2) of the Local Government Finance Act 1992, states that 'special expenses' should be calculated when there are "any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by …….a parish".

13. Within the city area the services shown in the table below are currently provided by at least one Parish Council. To avoid double charging for the cost of providing these services, a special expense - equivalent to the cost of providing these services elsewhere in the City - is levied on those areas not providing them.

14. Table 4 below sets out the Special Expenses Account:

Table 4 Special Expenses Estimate 2020-21

	Total Special Expenses 2020-21	Total Special Expenses 2019-20
Community Recreation	313,430	299,031
Parks Management	9,348	8,558
Grounds	79,040	76,665
Allotments	20,392	18,203
Ditches and Streams	68,879	69,077
Cemeteries	21,966	21,966
Street Furniture	110,250	110,250
	623,305	603,750

15. The calculation of Special Expenses is based on an assessment of the types of work undertaken in parishes as a whole. The services are provided in at least one if not all the Parishes. However, in the case of cemeteries there is only one cemetery in the parished areas, located in Old Marston. As outlined in paragraph 10 Old Marston have put forward a successful case to the Council that the cemetery is available for use by people living outside of the Parish - particularly in respect of interment of ashes. The Council has previously accepted this case and approved a contribution to the Old Marston Precept. The total expenditure on the three remaining cemeteries has been charged across all areas except for the Old Marston Parish.

16. Further details of the calculations, as required by the Act are shown at Appendix 1. Taxes by area and by Band are shown at Appendix 2.

17. Oxfordshire County Council: The County Council's likely precept figure for 2020/21 is £70,102,622.52 giving a Band D Council Tax of £1,527.44 a 3.99% increase on the 2019/20 figure of £1,468.83. The figures are due to be finalised on 11 February 2020. That percentage increase includes an Adult Social Care precept of 2% that was announced in the Provisional Local Government Finance settlement for 2020/21 announced on 20 December 2019.

18. Police and Crime Commissioner for Thames Valley: The precept figure for 2020/21 is likely to be £9,926,278.74 giving a Band D Council Tax of £216.28 a 4.8% increase on the 2019/20 figure of £206.28. The Home Secretary announced on 22 January 2020 that he proposed to empower Police and Crime Commissioners to increase their Band D precept by up to £10 in 2020/21 without the need to call for a local referendum. This is subject to finalisation on 14 February 2020 by the Police and Crime Panel.

Risk Implications

19. Due to the increases explained in the paragraphs above Oxford residents will face an overall rise in their Council Tax liability for 2020/21 of between 3.7% and 3.9%. The average Band D Council Tax paid in Oxford in 2019/20 was £1,988.68. This will increase by £74.88 to £2,063.56 in 2020/21. A risk assessment has been undertaken and a risk register is attached at Appendix 3. This includes a risk relating to the potential reputational impact on the City Council as Billing Authority for the area and a risk relating to the increased challenge of maintaining the collection rate.

Equalities Impact Assessment

20. It is difficult to estimate the dimensions of equality risks around Council Tax increases. The Council has put in place proportionate mitigating actions such as the Council Tax Support Scheme and the work of the Welfare Reform Team to protect the most vulnerable and economically challenged households across the City.

Financial Implications

21. These are all included within the main body of the report.

Legal Implications

22. The Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011 prescribe the calculations in this report. The Billing Authority is required under section 30 of the Local Government Finance Act 1992 to set the Council Tax before the 11th March in the preceding financial year.

Report author:

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Background Papers: None

Appendix 1

Statutory Calculations Required for Setting of the Council Tax

1. On 9 January 2020 the Audit and Governance Committee approved:

    a. the Council Tax Base 2020/21 for the whole Council area as 45,895.5 (Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended) and,

    b. for dwellings in those parts of its area to which a Parish precept, or Special Expenses relates as:

Littlemore	1,804.5
Old Marston	1,280.0
Risinghurst and Sandhills	1,474.6
Blackbird Leys	2,943.5
Unparished Area	38,392.9

2. The Council Tax requirement for the Council's own purposes for 2020/21 (excluding Parish precepts) is £14,407,726

3. The following amounts have been calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Act:

    (a) £161,696,771 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

    (b) £147,017,580 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

    (c) £14,679,191 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (item R in the formula in Section 31A(4) pf the Act). This figure includes the Parish Precepts.

    (d) £319.84 being the amount at 3(c) above (Item R), all divided by item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

    (e) £894,770 being the aggregate amount of all special items (Parish precepts and Unparished area special expenses) referred to in Section 34(1) of the Act.

    (f) £300.34 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1a above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept/Special Expenses relates.

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Appendix 2

Council Tax Amounts Per Band 2020/21

Littlemore	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	38.59	45.02	51.45	57.88	70.74	83.60	96.47	115.76
City Wide Tax	200.23	233.60	266.97	300.34	367.08	433.82	500.57	600.68
City Total	**238.82**	**278.62**	**318.42**	**358.22**	**437.82**	**517.42**	**597.04**	**716.44**
PCC for Thames Valley	144.19	168.22	192.25	216.28	264.34	312.40	360.47	432.56
Oxfordshire County	1,018.29	1,188.01	1,357.72	1,527.44	1,866.87	2,206.30	2,545.73	3,054.88
Total	**1,401.30**	**1,634.85**	**1,868.39**	**2,101.94**	**2,569.03**	**3,036.12**	**3,503.24**	**4,203.88**
Old Marston	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	31.75	37.05	42.34	47.63	58.21	68.80	79.38	95.26
City Wide Tax	200.23	233.60	266.97	300.34	367.08	433.82	500.57	600.68
City Total	**231.98**	**270.65**	**309.31**	**347.97**	**425.29**	**502.62**	**579.95**	**695.94**
PCC for Thames Valley	144.19	168.22	192.25	216.28	264.34	312.40	360.47	432.56
Oxfordshire County	1,018.29	1,188.01	1,357.72	1,527.44	1,866.87	2,206.30	2,545.73	3,054.88
Total	**1,394.46**	**1,626.88**	**1,859.28**	**2,091.69**	**2,556.50**	**3,021.32**	**3,486.15**	**4,183.38**
Risinghurst and Sandhills	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	24.09	28.10	32.12	36.13	44.16	52.19	60.22	72.26
City Wide Tax	200.23	233.60	266.97	300.34	367.08	433.82	500.57	600.68
City Total	**224.32**	**261.70**	**299.09**	**336.47**	**411.24**	**486.01**	**560.79**	**672.94**
PCC for Thames Valley	144.19	168.22	192.25	216.28	264.34	312.40	360.47	432.56
Oxfordshire County	1,018.29	1,188.01	1,357.72	1,527.44	1,866.87	2,206.30	2,545.73	3,054.88
Total	**1,386.80**	**1,617.93**	**1,849.06**	**2,080.19**	**2,542.45**	**3,004.71**	**3,466.99**	**4,160.38**

Council Tax Amounts Per Band 2020/21

Blackbird Leys	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	12.65	14.75	16.86	18.97	23.19	27.40	31.62	37.94
City Wide Tax	200.23	233.60	266.97	300.34	367.08	433.82	500.57	600.68
City Total	**212.88**	**248.35**	**283.83**	**319.31**	**390.27**	**461.22**	**532.19**	**638.62**
PCC for Thames Valley	144.19	168.22	192.25	216.28	264.34	312.40	360.47	432.56
Oxfordshire County	1,018.29	1,188.01	1,357.72	1,527.44	1,866.87	2,206.30	2,545.73	3,054.88
Total	**1,375.36**	**1,604.58**	**1,833.80**	**2,063.03**	**2,521.48**	**2,979.92**	**3,438.39**	**4,126.06**
Unparished Area	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Special Expenses	10.77	12.57	14.36	16.16	19.75	23.34	26.93	32.32
City Wide Tax	200.23	233.60	266.97	300.34	367.08	433.82	500.57	600.68
City Total	**211.00**	**246.17**	**281.33**	**316.50**	**386.83**	**457.16**	**527.50**	**633.00**
PCC for Thames Valley	144.19	168.22	192.25	216.28	264.34	312.40	360.47	432.56
Oxfordshire County	1,018.29	1,188.01	1,357.72	1,527.44	1,866.87	2,206.30	2,545.73	3,054.88
Total	**1,373.48**	**1,602.40**	**1,831.30**	**2,060.22**	**2,518.04**	**2,975.86**	**3,433.70**	**4,120.44**

Appendix 3

Risk Register

Council report – Setting of the Council Tax 2020-21

Date – 13 February 2020

Author – Adrian Wood (Finance)

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Current Risk	
Risk Score **Impact Score:** 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic **Probability Score:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain											
		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	I	P
	COUNCIL TAX BASE A reduced debit (and lower tax base) would mean the City Council having to borrow to meet the Precept demands of the County Council and the Police and Crime Commissioner. Also the City Council would have less Council Tax Income to fund services.	4	3	There could be less new builds than estimated in 2020/21. In addition there could be increased numbers of exemptions/discount cases.	Assumptions used in numbers of new builds are conservative. The base for the number of Exemptions was the average of the last 12 months. The Revenues team in Financial Services review existing exemption and discount cases to ensure these should still be granted. Assumptions are based on prior years/historical trends and take account of external impacts.	3	2	Continuing monitoring of external trends (Adrian Wood). Monthly position on actual tax base is calculated and reported to the Head of Financial Services. Significant changes to be reported to the Head of Financial Services by Adrian Wood. Mitigating control owner: Nigel Kennedy	Assumptions remain as accurate as possible to minimise the possibility of shortfall. Monthly reviews.	2	2
	OXFORD CITY COUNCIL TAX PERCENTAGE INCREASE The City Council has	4	3	Members may opt for a lower rate reduction, or indeed a freeze in the Band D Council Tax rate.	The financial implications would be that for each 0.5% reduction on the proposed 2020/21 Band D charge, the loss of income	3	2	Monthly position on the cost of service provision during 2020/21 will be monitored and	That the cost of service provision remains in line with the agreed budget.	3	2

	assumed a 1.99% increase on 2019/20 in the General Fund budget calculations for 2020/21.				is approximately £71k.			reported on the CORVU system). Significant changes will be highlighted (Heads of Services). Mitigating control owner: Nigel Kennedy			
	THE OVERALL COUNCIL TAX PERCENTAGE INCREASE FOR 2020/21 The overall effect of the increases proposed by City Council (1.99%), County Council (3.99%) and Police and Crime Commissioner (4.8%), mean that most Oxford residents will face a 3.8% increase in their Council Tax liability for 2020/21.	4	4	The City Council are the Billing Authority, and collect Council Tax on behalf of the County Council and the Police and Crime Commissioner. The size of the increases will likely result in an increased number of personal visits and telephone enquiries.	Information will be available on the Council's website prior to the bills being delivered confirming that the City Council's share of the overall tax has increased by only 1.99% - an annual increase of £6.12 or approximately 12p per week. The Contact Centre staff will be fully updated before the bills are delivered.	3	2	The numbers of telephone enquiries and visits to St Aldate's Chambers will be monitored and staffing resources arranged so as to ensure calls and visits are dealt with in accordance with our normal service standards.	The mitigating measures will help to a) keep the numbers of callers and phone enquiries down and b) give taxpayers accurate and relevant information.	3	2
	COUNCIL TAX COLLECTION RATE The overall tax increase means that the average Band D Council Tax will increase by over £74 when compared with the 2019/20 figure.	4	4	Taxpayers will find it increasingly difficult to pay the full amount of Council Tax due	If necessary, request will be made to The Head of Service to input further resources into the collection / recovery process.	3	2	Collection of the 2020/21 debit will be monitored and reported at least monthly by the Finance Technical Officer (Adrian Wood). The HoS will be kept closely informed and the position discussed at the monthly Performance meetings.	The collection rate to remain on course as much as possible to minimise the possibility of a shortfall arising.	3	2

To:	**Cabinet - 12 February 2020**
	Council - 13 February 2020
Report of:	**Head of Financial Services**
Title of Report:	**Treasury Management Strategy 2020/21**

Summary and recommendations	
Purpose of report:	To present the Council's Treasury Management Strategy for 2020/21 together with the Prudential Indicators for 2020/21 to 2024/25
Key decision:	Yes
Cabinet Member:	Councillor Ed Turner, Deputy Leader and Cabinet Member for Finance and Asset Management
Corporate Priority:	None
Policy Framework:	The Treasury Management Strategy is a Policy Framework document

Recommendations:That Cabinet resolves to:

Recommend that Council approves:

1. The Treasury Management Strategy 2020/21 as set out in paragraphs 18 to 64 and the Prudential Indicators for 2020/21 – 2024/25 as set out in Appendix 2;
2. The Borrowing Strategy at paragraphs 26 to 38;
3. The Minimum Revenue Provision (MRP) Statement at paragraphs 39 to 41 which sets out the Council's policy on charging borrowing to the revenue account; and
4. The Investment Strategy for 2020/21 and investment criteria as set out in paragraphs 42 to 63 and Appendix 1.

Appendices	
Appendix 1	Credit and Counterparty Risk Management
Appendix 2	Prudential Indicators 2020/21 – 2024/25

Summary

1. The Council's Treasury Management Strategy has been written in accordance with the revised CIPFA Prudential Code and the revised CIPFA Treasury Management Code of Practice.
2. The report presents the Council's prudential indicators for 2020/21 – 2024/2025. Notable indicators include capital expenditure and borrowing limits as these are areas of significant activity.
3. The average value of investments during the calendar year to 31st December 2019 was £114.3m. The actual daily value fluctuated between £95.6m and £131.6m. This is an increase on the previous calendar year, when average balances were £102.2m and daily values ranged from £78.5m to £120.0m.
4. All external debt as at 31 March 2019 (£198.5m) relates to the Housing Revenue Account self-financing debt taken out in 2012 which is held at fixed rates with varying fixed periods to maturity.
5. The Council's General Fund Capital Programme over the next four years is funded from a combination of government grants, capital receipts, revenue, Community Infrastructure Levy and prudential borrowing. However, due to the scale of investment over the period to 2024/25, including the loans to the Council's Housing Company (£76.1 million), the level of prudential borrowing will increase to over £511.5 million in 2024/25 from the projected £246.7 million at the end of 2019/20. Borrowing from internal resources will be maximised, however much of the borrowing will need to be from external resources with anticipated external borrowing increasing from £198.5 million to £419.5 million in 2024/25. The Housing Capital Programme is largely funded directly from council house rents.
6. The CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice were revised in late 2017 and have to be fully adopted from 2019/20 onwards. The codes include a requirement to produce a Capital Strategy (which the Council already did) and included additional requirements for this and also for non-Treasury Investments. In order to maintain the clarity between Treasury and non-Treasury Management Activity, all non Treasury Investments are covered by the Capital Strategy.
7. All Prudential Indicators continue to be covered together in the Treasury Strategy. This will allow the indicators to be seen as a whole and in the context of Treasury Management activity to which they are closely related. There are, however, some cross-overs to areas covered by the Capital Strategy.
8. The Prudential Indicators have been revised in line with the revised Codes of Practice. Additional disclosures are included to cover the Government's focus on "commercial activities" and non-financial investments such as loans to the Council's Companies and expenditure on investment properties. This focus has occurred due to some Councils (which have been featured in the press) incurring substantial expenditure buying investment properties to support their revenue budgets.
9. The MRP Statement has been reworked from the 2019/20 strategy in order to achieve more clarity over the policy and an additional MRP methodology added for where the borrowing relates to an income earning asset where the income is expected to increase over time.

10. The limit for non-specified investments is proposed to be increased to 30% of the previous year's total investment portfolio or £30 million, whichever is the greater, in order to allow capacity for occasional non-specified investments other than pooled investment funds such as investments with local authorities for longer than 364 days.

Loans to the Council's Companies

11. Over the life of the Council's Medium Term Financial Strategy to 2024/25 it is assumed that the Council will give loans to the Council's Housing Company to the value of around £76 million. Whereas these are not Treasury investments, there is however a positive impact on the Council's net investment income due to a markup being charged on the loans of around 2.2%. As at the end of December 2019 the Council had loans outstanding to Oxford West End Developments (OxWED) of £10.8 million and to the Housing Company of £10.37 million with interest due on these of around £1.06 million per annum.

Interest and Economic Outlook

12. The below forecasts have been based on an assumption that there is an agreed deal on the exit from the EU, including agreement on the terms of trade between the UK and EU, at some point in time. The view of the market is that the result of the general election has removed much uncertainty around this major assumption, however, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020 as the prime minister has pledged.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

13. The Monetary Policy Committee (MPC) of the Bank of England has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over the EU exit and the outcome of the general election. Uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is projected to only grow weakly in 2020 due to continuing uncertainty over whether there is time to get a trade deal in place by December 2020. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

14. Many interest rates are linked in some way to the bond market. There are heightened expectations that the US could be heading for a recession, and there is a general background of a downturn in world economic growth. This, together with inflation generally at low levels in most countries and expected to remain subdued,

means that bond yields are expected to fall and some bond yields in the Eurozone have already gone negative. Inflation has remained low due to the effect of interest rate setting by the major central banks and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending and inflation. This has had the effect of reducing the overall level of interest rates and bond yields in financial markets. An additional effect of the unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), has led to increased consumer borrowing meaning that it is more difficult for central banks to raise interest rates.

15. During the first half of 2019/20 to 30 September, gilt yields reduced dramatically and caused a near halving of longer term PWLB rates, since PWLB rates are directly linked to bond yields, to completely unprecedented historic low levels. PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates. There was an additional 1% margin added to PWLB rates on 9th October 2019. The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise. It is not clear whether, if gilt yields were to rise back up again by over 1% within the next year or so, H M Treasury would remove this additional margin.

16. Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed deal with the EU, then there is potential for additional interest earnings.

17. Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The forecasts and MPC decisions will be liable to amendment depending on economic data and developments in financial markets over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Treasury Management Strategy Statement

Background

18. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
19. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
20. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
21. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, arising usually from capital expenditure, and are separate from the day to day treasury management activities.
22. CIPFA defines treasury management as:

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

23. Revised reporting is required for the 2019/20 reporting cycle onwards due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The reporting changes include the introduction of the requirement to approve a capital strategy (which the Council produced in a slightly different form previously), to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately and includes the additional requirements introduced with these changes.

Treasury Management Advisors

24. Treasury advice and market information is provided by Link Asset Services, formerly known as Capita Asset Services. A procurement exercise was undertaken during 2018 and the contract was awarded to Link Asset Services in September 2018 for 3 years with an option to extend for a further 2 years. The information provided by Link Asset Services that is used for making investment decisions is outlined further on in this report and in associated appendices.

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

Borrowing and Debt

26. Under the Prudential Code, individual authorities are responsible for deciding their level of borrowing. The system is designed to allow authorities with an affordable borrowing requirement, to borrow in order to pay for capital investment.

27. The arrangements also facilitate ‘invest to save’ schemes where they are affordable, prudent and sustainable.

28. The parameters for determining the level of prudential borrowing are:

    - A balanced revenue budget that includes the revenue consequences of any capital financing i.e. interest, debt repayment and running costs of any new project; and
    - That the impact of the Authorised Borrowing Limit on Council Tax or council rents is reasonable.

29. The draft Capital Programme for 2020/21 to 2024/25, which appears elsewhere on the Agenda; includes the following expenditure which is currently planned to be financed by borrowing:

    - £76.1 million loans to the Housing Company, primarily to finance the purchase of New Build homes for Affordable Housing at Barton and other housing;
    - £67.0 million to purchase commercial property
    - £3.7 million for the East Oxford Community Centre
    - £1.4 million on car parking
    - £12.4 million on Depot Rationalisation
    - £108.5 million to finance HRA capital expenditure.

30. The S151 officer has delegated authority to determine the need for external borrowing taking into account prevailing interest rates and associated risks. Borrowing may be undertaken to fund the approved Capital Programme or to fund future debt maturities and a combination of long-term and short-term fixed and variable rate borrowing may be considered which may include borrowing in advance of future years’ requirements. In using the delegated authority, the S151 Officer will take into account the following factors:

- The on-going revenue liabilities created, and the implications for the future plans and budgets;
- The economic and market factors that might influence the manner and timing of any decision to borrow;
- The pros and cons of alternative forms of funding including internal borrowing;
- The impact of borrowing in advance on cash balances and the consequent increase in counterparty risk.

31. Council officers, in conjunction with the Council's treasury advisors, Link Asset Services, monitor prevailing interest rates and market forecasts, thereby allowing the Council to respond to any changes that may impact on the timing and manner of borrowing decisions, to ensure these are optimised.

32. The Council currently has £198.5m of external debt held at fixed rates with varying maturity terms up to 2057. This debt relates to the Council's housing stock within its HRA. The first repayment, of £20 million, is due in 2020/21. It is currently anticipated that debt to the same value will be taken out in order to replace the debt repaid. The first repayment of the remaining debt, in the sum of £20 million, will now take place in 2025-26.

33. The Council's Capital Financing Requirement (CFR) is an indication of the Council's underlying need to borrow to fund its capital investments; this borrowing can be undertaken internally using available resources or externally by borrowing from a financial institution or the Public Works Loans Board (PWLB). The estimated level of CFR for each year can be found in the Prudential Indicators in Appendix 2.

34. In October 2018, a policy change of the abolition of the HRA debt cap was announced. The Chancellor announced in the Budget that the date the debt cap was to be removed was 29th October 2018. The Council can now undertake further borrowing to finance HRA capital expenditure, provided it is both affordable and prudent to do so, in line with the CIPFA Prudential Borrowing Code. The Council is using these new borrowing powers to increase housing supply by buying properties from the Housing Company.

Borrowing Strategy 2020/21

35. The Council currently has £22 million internal borrowing as at 1st April 2019. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt since cash supporting the Council's reserves, balances and cash flow has been used as a temporary funding source. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

36. The Head of Financial Services will continue to monitor interest rates and take a pragmatic approach to changing circumstances. Due to the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The increase in PWLB rates has led to increased potential competitiveness in the borrowing market from other lenders and therefore the Council will need to consider borrowing from sources other than PWLB. Additionally the Council will consider carefully when to take out borrowing, balancing the need for cash to fund treasury and non-treasury investments (such as the purchasing of new investment property) and the cost of borrowing.:

- If it is considered that there is a likelihood of a significant fall in long and short term rates (e.g. due to a marked increase of risks in respect of recession or deflation), then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- Alternatively, if it is felt that there is a significant risk of a sharp increase in long and short term rates than currently forecast, then external borrowing is likely to be taken earlier.

Borrowing in Advance of Need

37. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
38. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates, and demonstrate value for money. Prior to borrowing in advance the risks and benefits of undertaking the borrowing will be considered. Actual borrowing will be subsequently reported through either the mid-year performance report or annual report as appropriate. Due to the amount of Prudential Borrowing in the Capital Programme, the potential benefits of borrowing in advance will be closely monitored.

Minimum Revenue Provision (MRP) Statement 2020/21

39. Prudential borrowing increases the Council's Capital Financing Requirement (CFR) or underlying need to borrow. Whether the Council actually borrows externally to finance capital expenditure is a treasury management decision which is not directly linked to the capital financing decision. In practice, the Council is likely to use a combination of internal and external borrowing in the medium term to fund the Capital Programme. The amount of external borrowing undertaken will depend on the borrowing requirement compared to the projected level of cash balances. The Council is required to make a prudent charge to its revenue account for borrowing, whether that borrowing is financed internally or externally. This charge is known as the Minimum Revenue Provision (MRP) and reflects the repayment cost of principal borrowed.
40. Regulations require the Council to approve an MRP policy on an annual basis and to calculate in each financial year an amount of MRP that it considers to be prudent. In doing this, the Council has to pay regard to governmental statutory guidance on MRP. MRP is not charged until the year after the expenditure has been incurred. The following statement has been reworked from the 2019/20 strategy in order to achieve more clarity over the policy and an additional MRP methodology added for where the borrowing relates to an income earning asset where the income is expected to increase over time (included in method d) below). A statement has also been included to cover the methodology that is applied for finance leases which aligns with existing practice (method e) below).

41. It is recommended that this MRP methodologies be adopted for 2020/21:

a) For borrowing incurred before 1 April 2008 the practice of making a 4% annual charge on the reducing balance, outlined in the former Department for Communities and Local Government (DCLG) regulations, will apply.

b) For borrowing that relates to the assets transferred from the Housing Revenue Account (HRA) to the General Fund (GF), MRP will be based on the estimated useful life of the assets, taking into account the number of years the assets have been in existence, and previous funding allocated to them.

c) There will be no annual MRP charge made for the following items where they are deemed to be capital under s25(b)/s25(d) of The Local Authorities Capital Finance and Accounting (England) Regulations 2003 and where it is anticipated the investment will be repaid in full:

   i. The Council's investments in a Directly Managed Property Fund;
   ii. Loans to other organisations, such as a company in which the Council has an interest;
   iii. Treasury management investments undertaken in accordance with section 12 of the Local Government Act 2003;
   iv. Borrowing related to capital expenditure incurred on assets which are to be leased to one of the Council's companies; and
   v. Other borrowing related to expenditure where it is anticipated the investment will be repaid in full.

   The repayment to the Council for these will be a capital receipt of which the Council will set aside the amount for which borrowing was used in order to repay that borrowing. Each item where there is no annual MRP charge will be reviewed on at least an annual basis and if there is a likelihood of capital loss, a prudent MRP provision will then be made.

d) For all borrowing incurred after 1 April 2008 relating to expenditure other than that which is covered in c) above, the MRP will be charged using the Asset Life Method. The default methodology under this option is that MRP will be based on the estimated life of the asset and will be charged to the revenue account in equal instalments over the life of the asset. Where the Head of Financial Services, in their capacity of section 151 officer, is comfortable that the asset or the income arising from that asset is appreciating over time, MRP will be based on an annuity charge over the estimated life of the asset. Applying the annuity method results in an annual charge to revenue which takes account of the time value of money. The charges made through the annuity method thus results in a consistent charge over an asset's life, taking into account the real value of the annual charges when they fall due.

e) For finance leases the council will charge MRP to its General Fund each year dependant on the life of the underlying asset.

Annual Investment Strategy 2020/21

Management of Risk

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

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

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

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

44. The guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

    a) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

    b) **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

    c) **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

    d) This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 1 under the categories of 'specified' and 'non-specified' investments.

    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
    - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

45. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, the Ministry of Housing, Communities and Local Government concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1st April 2018.

Interest rates

46. Average cash balances for the year to 31st December 2019 were £114.3m, having fluctuated between £95.6m and £131.6m.

47. In August 2018, base rate increased to 0.75% and has remained at that level for 2019 following a previous rise in November 2017. The Council's target average interest rate return is 0.6% above base rate. Investment returns are likely to remain low during 2020/21 but to be on a gently rising trend over the next few years.

48. In the event of an orderly non-agreement exit from the EU, it is possible that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly exit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

Investment Durations

49. As with the previous financial year, most existing investment deal terms are for 6 months. However, the Council does have some longer-term investments up to one year and durations of future loans are likely to increase in line with the criteria set out by the Council's Treasury advisers.

50. Investments are made in accordance with the Council's Treasury Management Strategy such that returns are balanced against security of investment and liquidity of cash to ensure funding of day to day cash flows and yield. Consequently, procedures are in place to determine the maximum periods that funds may be invested for, as well as the nature of those investments. The Council works to achieve the optimum rate of return on its investments commensurate with proper levels of security and liquidity.

Creditworthiness

51. Investment instruments identified for use are listed in Appendix 1 under the Specified and Non-specified investment categories. Counterparty limits are set in accordance with the Council's Treasury Management Practices (TMPs).

52. The Council utilises the creditworthiness services provided by Link Asset Services. The model combines the credit ratings, credit watches and credit outlooks provided by the credit rating agencies - Fitch, Moody's and Standard and Poor's in a weighted scoring system which is then combined with an overlay of Credit Default Swap (CDS) spreads and sovereign ratings. The end product is a series of colour

coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration of investments.

53. The Council is alerted to changes to ratings by Link Asset Services' creditworthiness service and takes the following action in respect of updates:

    - If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, it is withdrawn immediately from further use.
    - If a counterparty's credit rating is placed on negative watch or negative outlook, officers carry out a review to determine whether the institution is still worthy of inclusion on the counterparty list. If there is any doubt, the counterparty is temporarily suspended pending the credit rating agency's full review.

54. As part of the creditworthiness methodology a minimum sovereign rating of AA- from Fitch (or equivalent from other agencies if Fitch does not provide one) has been determined.

55. In addition to the recommendations from Link Asset Services, the S151 Officer and Treasury Management Team have agreed to limit the amounts invested with any one country (excluding the UK) or sector as follows:

    - No more than 20% of the previous year's average investment balance (to 31st December) with any one counterparty or group or £15 million, whichever is the greater
    - Maximum of 10% of total investments to be with institutions in other countries that meet the required criteria.

56. To ensure that the Strategy is not breached and to also be aware of any new opportunities, the Council's counterparty list is reviewed on a daily basis taking into account market information and changes to the methodology used. The list is maintained by the Treasury Management Team, and reported to the S151 Officer on a regular basis.

57. The Investment Strategy provides delegated authority for the S151 Officer to determine the most appropriate form of investment dependant on prevailing interest rates and counterparty risk at the time.

Specified and Non-Specified investments

58. In approving the Investment Strategy, Members are approving the types of investments the Council can undertake. Investments are classified as either Specified or Non-specified and are shown in more detail in Appendix 1.

59. The Strategy defines a Specified Investment as one that is in sterling, no more than one year in duration or, if in excess of one year can be repaid earlier on request and with counterparties that meet the Council's credit rating criteria. Additionally, once the duration of a Non-specified Investment falls below 366 days, it also falls into the Specified category.

60. Non-specified investments are any other type of investment including pooled investment funds. Whilst generally these investments will earn a higher rate of return they are inherently more risky in nature and therefore limited to either a maximum of 30% (currently £34.3 million) of the previous full year's average

monthly investment balance to 31st December, or £30 million, whichever is the greater. The Council currently has £10 million of property investments; £7 million with Lothbury property fund and £3 million with CCLA Investment Management Ltd property fund. A further investment of £10 million is currently planned in a multi asset fund.

61. Investments may be arranged in advance and there has been a significant rise in "forward deals" in recent times. Trades arranged up to four weeks in advance of the start date are still classified as Specified Investments provided the duration of the investment from the start date to the maturity is no longer than 364 days. Trade dates are factored into the duration of the investment if arranged more than four weeks in advance because there is an increased risk due to funds being contractually committed.

Ethical Investment Policy

62. The Council adopted an ethical investment policy in 2015/16. No changes are proposed to the policy which is set out below:

The Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values. This would include, inter alia, avoiding direct investment in institutions with material links to:

a. Human rights abuse (e.g. child labour, political oppression)
b. Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)
c. Socially harmful activities (e.g. tobacco, gambling)

63. The Council has been able to take advantage of some green deposit notice accounts offered by Barclays Bank who are working in association with Sustainanalytics, a leading global provider of environmental, social and corporate governance research and ratings, to achieve a positive environmental impact. Their green framework covers the following environmental areas:

- Energy efficiency projects and renewable energy
- Sustainable food agriculture and forestry
- Waste management
- Greenhouse gas emission reduction
- Sustainable water

The balance of these investments as at 31st December 2019 was £7.5 million.

Prudential Indicators

64. The Council is required to set out a number of indicators, relating to the affordability and prudence of its Treasury Strategy. These indicators are detailed in Appendix 2 for the period 2019/20 – 2024/25, and will be monitored and reported on an annual basis.

Other implications

65. Environmental Impact – following the inclusion of the Ethical Investment Policy, this ensures that through our investments we will not knowingly, directly invest in businesses that undertake harmful environmental activities.

Financial implications

66. All financial issues are addressed in the body and appendices of the report. The Council's assumptions for net investment interest for the General Fund for 2020/21 to 2024/25 are as follows:

	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Interest Payable	8,294	10,618	12,933	15,639
Interest from companies on borrowing	-2,506	-4,267	-4,992	-6,101
Transfer from HRA	-7,702	-8,042	-9,622	-11,565
Treasury management investment interest	-1,222	-1,044	-1,063	-1,058
Net investment interest	-3,136	-2,735	-2,744	-3,085

67. This includes the cost of borrowing, interest from companies and interest from external investments.

Legal issues

68. This report fulfils four key requirements:

- The reporting of the Prudential Indicators setting out the Council's expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities).
- Agreeing the Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year (as required by guidance under the Local Government and Public Involvement in Health Act 2007).
- Agreeing the Treasury Management Strategy, which links day to day Treasury Management to the Capital Programme and the Treasury Management Prudential Indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing limit required by S3 of the Local Government Act 2003.
- Agreeing the Investment Strategy, this sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

69. The Local Government Act 2003 and supporting regulations require the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set prudential and treasury indicators to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

70. The Council's Constitution requires the Strategy to be reported to the City Executive Board and Full Council outlining the expected treasury activity for the forthcoming four years on an annual basis.

Level of risk

71. Risks are managed as set out in this report and appendices. The Council is intending to invest a further £10 million in pooled investment funds during 2019/20. The use of these instruments can be deemed capital expenditure, and as such can require the use of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

72. The value of property funds is reliant on the value of the property held by the funds and property values can go down as well as up. It will be ensured that the Fund(s) that the Council uses will hold a broad property portfolio which will mitigate the risk of specific sectors suffering a loss in property values. The regular returns from Property Funds are from property rentals so as long as the properties remain tenanted there will be a return. The risk of holding property is also affected by the uncertainty over the exit from the EU and changes in the market such as retail.

73. Increases and decreases in the value of property funds now have to be charged to the revenue account, although there is a statutory mitigation from Government that allows these impacts to be reversed out for five years.

Equalities impact

74. The Council has adopted an ethical investment policy to help reduce the environmental, health and wellbeing impacts that could potentially arise from investments. There are no other equalities impacts relating to this report.

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Background Papers: None

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APPENDIX 1

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

The Department of Communities and Local Government (CLG) issued Investment Guidance in 2018, and this informs the structure and content of the Council's policy below.

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 Councils 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. In accordance with the Code, the Section 151 Officer has produced Treasury Management Practices (TMPs). This part, TMP 1, covering investment counterparty policy requires approval each year.

Oxford City Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment. The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk in the context of the whole organisation's inflation exposure.

Investments that are not part of treasury management activity

The following principles are required to be adopted as part of the Council's TMP1 in accordance with the Treasury Management Code of Practice 2017:

- The Council recognises that investment in other financial assets and property primarily for financial return and not treasury management purposes requires careful management and monitoring. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.
- The Council has ensured that all of its non treasury investments are covered in its Capital Strategy, and has set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It is recognised that the risk appetite for these activities may differ from that for treasury management.
- The Council has compiled schedules setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's associated risk exposure. These are included in the Capital Strategy in the relevant section.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are that Councils set an annual Investment Strategy, as part of their Treasury Strategy for the following year, covering the identification and approval of the following:

- The 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.
- Non-specified investments the Council will use, clarifying the greater risk implications, and the overall amount of various categories that can be held at any time.

Maturity periods are defined as the remaining length of an investment period. Arranging a deal in advance by up to four weeks is not considered to add to the duration of the investment.

In addition to the investments identified below as Specified and Non-specified investments, the Council may provide loans to a company in which it has an interest. These loans are outside the limits specified in the tables below and may be matched by equivalent external borrowing. The loans will then be given at a rate that at least covers the Council's costs and that is compliant with State Aid requirements.

Specified Investments – These investments are sterling investments that would not be defined as capital expenditure and don't exceed a maturity period of one year, or where the maturity period is longer, the Council has the right to be repaid within twelve months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. They include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or Gilts with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A Local Authority, Parish Council, Community Council, Fire or Police Authority
4. Pooled investment vehicles that have been awarded a high credit rating by a credit rating agency, e.g. money market funds, rated AA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society) meeting the minimum 'high' quality criteria where applicable.

Trades arranged up to four weeks in advance of the start date are still classified as Specified Investments provided the duration of the investment from the start date to the maturity is no longer than 364 days. Trade dates are factored into the duration of the investment if arranged more than four weeks in advance because there is an increased risk due to funds being contractually committed.

Additionally, and in accordance with the Code, the Council has set duration and value limits as follows:

Specified Investments - Limits on value and period

	Minimum credit criteria/colour banding	Max % of total investments / £ limit per institution	Max maturity period
Debt Management Office – UK Government	Not applicable	100%	364 days
UK Government Gilts	UK Sovereign rating	20%	364 days
UK Government Treasury Bills	UK Sovereign rating	20%	364 days
Bonds issued by multilateral development banks	UK Sovereign rating	20%	6 months
Money Market Funds	AAA	£25m	Liquid
Local Authorities, Fire and Police Authorities		20%	364 days
Term deposits with banks and rated building societies	Blue Orange Red Green	£15m or 20% of total investments whichever is the greater	Up to 1 year Up to 1 year Up to 6 Months Up to 100 days
Certificate of Deposit or corporate bonds with banks and building societies	Blue Orange Red Green	£10m or 20% of total investments whichever is the greater	Up to 1 year Up to 1 year Up to 6 Months Up to 100 days
Enhanced Cash funds		20%	6 months
Corporate bond funds		20%	6 months
Gilt Funds	UK sovereign rating	20%	6 months

The colour ratings above for the Term Deposits with banks and rated building societies and Certificates of Deposit or Corporate Bonds with banks and building societies link the durations in the right hand column to colour coding used in Link Asset Services's Credit List i.e. blue and orange coloured institutions recommend investments of upto a year according to the Link Asset Services Credit List

Non-Specified Investments – Non-specified investments are any other type of investment not defined as Specified. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Overall Non-specified investments (excluding loans to a company in which the Council has an interest) will not exceed more than 30% of the previous calendar year's total investment portfolio or £30 million, whichever is the greater. The level of investment in a particular counterparty will be measured based on the amount of the initial investment. Non specified Investments would include any sterling investments with:

Non-Specified Investments - Limits on value and period

	Minimum Credit Criteria	**Max % of total investments/£ limit per institution**	**Max maturity period**
Local Authorities, Fire and Police Authorities		15% of total investments	Up to 2 years
Fixed term deposits with variable rate and variable maturities	Orange	15% of total investments	Up to 1 year
Fixed term deposits with variable rate and variable maturities	Yellow Purple	£10m or 20% of total investments	Up to 5 years Up to 2 years
Commercial paper issuance covered by a specific UK Government (explicit) guarantee		10% of total investments	Up to 1 year
Fixed term deposits with unrated Building Societies	Asset Base over £9bn	£3m – 20% of total investments	100 days
Commercial paper other		15% of total investments	Up to 1 year
Corporate and other bonds		15% of total investments	Medium to long term
Other debt issuance by UK banks covered by UK Government (explicit) guarantee		15% of total investments	Up to 1 year
Floating rate notes		15% of total investments	Up to 1 year
Pooled Investment funds		25% of total investments or £25 million, whichever is the greater	Medium to long term

The colour ratings above for the Term Deposits with banks and rated building societies and Certificates of Deposit or Corporate Bonds with banks and building societies link the durations in the right hand column to colour coding used in Link Asset Services's Credit List i.e. investments with yellow coloured institutions are recommended for upto 60 months (5 years) according to the Link Asset Services Credit List.

The durational bands adopted in detail are:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

UK banks – ring fencing
The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

The Monitoring of Investment Counterparties - The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services on a weekly basis, 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 by the Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list. The Council also monitors counterparties against the limits specified below:

Duration Limits (based on Fitch ratings)		
Long Term Rating	**Short Term Rating**	
	F1+	**F1**
AAA	2 years	365 days
AA+	2 years	365 days
AA	2 years	9 months
AA-	2 years	9 months
A+	365 days	9 months
A	9 months	6 months
A-	6 months	3 months

APPENDIX 2

Prudential Indicators

A. Capital Expenditure Plans

1. The Council’s capital expenditure plans are the key driver of treasury management activity. Estimates of capital expenditure for the period 2019/20 to 2024/25 based on the Council’s draft Capital Programme are summarised below and this forms the first of the prudential indicators. The revenue consequences of associated borrowing and any on-going maintenance costs are accommodated within the Council’s revenue budgets.
2. Capital expenditure can be paid for immediately, by applying capital resources such as capital receipts, capital grants, external funding or revenue contributions, but if these resources are insufficient any residual expenditure will be covered by Prudential Borrowing and will add to the Council’s borrowing need, or Capital Financing Requirement (CFR).
3. The expenditure is split over three areas:
    - Commercial Activities / Non-financial investments
    - Other General Fund
    - HRA
4. Estimates of resources such as capital receipts may be subject to uncertainty i.e. anticipated asset sales may be postponed or reduced due to changes in the property market or planning issues.
5. Elsewhere on the agenda the draft Capital Programme is recommended for approval. The table below summarises the proposed expenditure and how it will be financed. Any shortfall of financing results in a borrowing need.

Table 1:- Capital Expenditure and Financing

	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Commercial Activities / Non-financial investments	522.6	152.4	42,000.0	25,000.0	0.0	0.0	0.0
Other General Fund	28,421.7	44,183.4	55,564.1	43,740.1	27,392.4	34,590.7	8,448.0
HRA	13,589.1	14,913.6	47,913.0	41,428.0	53,647.0	56,732.0	8,620.0
Total expenditure	**42,533.4**	**59,249.4**	**145,477.1**	**110,168.1**	**81,039.4**	**91,322.7**	**17,068.0**
Financed by:							
Developer Contributions	3,170.0	6,031.9	6,806.2	520.0	60.0	60.0	0.0
Capital Grants	2,634.8	4,201.9	5,986.6	11,825.8	7,044.0	6,100.0	1,200.0
Capital Receipts	19,592.0	21,387.5	35,401.4	14,426.4	11,500.8	12,186.0	1,918.0
Revenue	5,740.4	5,345.9	6,748.2	3,907.0	2,869.2	3,804.0	4,681.0
Major Repairs Reserve	7,215.9	0.0	3,673.6	20,914.6	4,079.3	1,760.0	8,364.2
Sub Total	38,353.1	36,967.2	58,615.9	51,593.8	25,553.4	23,910.0	16,163.2
Prudential Borrowing	**4,180.3**	**22,282.3**	**86,861.1**	**58,574.4**	**55,486.0**	**67,412.7**	**904.8**
Total funding	**42,533.4**	**59,249.4**	**145,477.1**	**110,168.1**	**81,039.4**	**91,322.7**	**17,068.0**

6. The following table shows how much of the overall capital funding need relates to "commercial activities" and non-financial investments such as loans to the Council's Companies and expenditure on investment properties.

Table 2:- Commercial Activities and Non-financial investments funding need

Commercial Activities / Non-financial investments	2018/19 Actuals	2019/20 Forecast	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Expenditure (£000's)	522.6	152.4	42,000.0	25,000.0	0.0	0.0	0.0
Percentage of total financing need	1.2%	0.3%	28.9%	22.7%	0.0%	0.0%	0.0%

B. Affordability

7. This indicator represents the estimate of the ratio of financing costs to the net revenue stream for both the HRA and General Fund. The General Fund has net interest income and so the indicator is interpreted such that the larger the negative percentage figure becomes, the more reliant the General Fund is on the net interest income. Note that this includes both investment income and borrowing costs.

8. The HRA has net interest expenditure and this indicator is interpreted such that the larger the positive percentage figure becomes, the more HRA resources are used to finance the net debt costs.

Table 3:- Ratio of Financing Costs to Net Revenue Stream

General Fund	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Net Interest Income	**-1,811.09**	**-2,643.09**	**-3,135.79**	**-2,734.55**	**-2,744.11**	**-3,084.85**	**-3,129.47**
Revenue stream	**24,492.91**	**24,063.30**	**24,229.42**	**22,295.84**	**22,696.69**	**23,008.56**	**23,433.74**
Ratio	**-7.4%**	**-11.0%**	**-12.9%**	**-12.3%**	**-12.1%**	**-13.4%**	**-13.4%**

Housing Revenue Account	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Item 8 interest	7,701.72	7,701.72	8,294.09	8,041.84	9,621.84	11,565.44	11,565.65
Investment income	-153.00	223.55	237.36	284.04	347.16	344.53	344.53
Net financing cost	**7,548.72**	**7,925.28**	**8,531.45**	**8,325.88**	**9,969.00**	**11,909.97**	**11,910.19**
Revenue stream	43,341.06	43,776.00	44,447.00	46,595.00	49,043.00	51,752.00	51,752.00
Ratio	**17.4%**	**18.1%**	**19.2%**	**17.9%**	**20.3%**	**23.0%**	**23.0%**

C. The Council's Borrowing Need (the Capital Financing Requirement)

9. This prudential indicator relates to the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above in Table 1, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

10. The CFR does not increase indefinitely, as the minimum revenue provision (MRP), which is a statutory annual revenue charge, reduces the indebtedness broadly in line with each assets life, and so charges the economic consumption of capital assets as they are used.

11. The table shows the amount of the CFR which is needed to finance the "commercial activities" / non-financial investments.

Table 4:- Estimates of capital financing requirement (underlying need to borrow for a capital purpose)

	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Commercial Activities / Non-financial investments	0	0	0	0	0	0	0
Other General Fund	22,000	44,245	115,439	165,362	179,867	200,905	200,554
General Fund	22,000	44,245	115,439	165,362	179,867	200,905	200,554
HRA	202,708	202,708	218,084	226,006	266,006	311,206	311,211
Total CFR	224,708	246,953	333,523	391,368	445,873	512,111	511,765
Movement in CFR	4,143	22,245	86,570	57,845	54,505	66,238	-346
Movement in the CFR represented by:							
Net Financing need for the year	4,180	22,282	86,861	58,574	55,486	67,412	905
Less MRP	-37	-37	-291	-729	-981	-1,174	-1,251
Movement in CFR	4,143	22,245	86,570	57,845	54,505	66,238	-346

D. Core Funds and Expected Investment Balances

12. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or used on other budget decisions to support the revenue budget will have an ongoing 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 day-to-day cash flow balances.

Table 5:- Core Funds and Expected Investment Balances

Estimated Year End Resources	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Fund Balances & Reserves	76,423	62,797	62,797	62,797	62,797	62,797	62,797
Capital Receipts & Grants	14,394	11,200	10,450	10,250	10,250	10,250	10,250
Provisions	8,334	8,334	8,334	8,334	8,334	8,334	8,334
Other	346	346	346	346	346	346	346
Total Core Funds	99,497	82,677	81,927	81,727	81,727	81,727	81,727
Working Capital *	22,686	31,600	32,386	33,186	33,986	34,786	35,586
(Under) / Over Borrowing **	-25,887	-48,132	-87,702	-91,547	-89,052	-92,290	-91,939
Expected Investments ***	96,296	66,145	26,611	23,366	26,661	24,223	25,374

* Working capital balances shown are estimated year-end; these may be higher mid-year

** Under / Over Borrowing is the difference between the Council's CFR and external borrowing. The Council maximises use of internal balances where possible to reduce borrowing costs. A level of cash resource must be maintained to ensure that cashflow variations during the year can be accommodated.

*** This is the level of expected investments at the end of the year; during the year these will often be much higher due to cashflows.

E. External Debt and Treasury Management

13. The Council’s forward projections for borrowing are summarised below. The table shows the anticipated external debt against the underlying capital borrowing need, the CFR.

Table 6:- Debt against Underlying Borrowing Need

External Debt	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Debt at 1st April	198,821	198,821	198,821	245,821	299,821	356,821	419,821
Expected Change in Debt	0	0	47,000	54,000	57,000	63,000	5
Expected Debt at 31 March	198,821	198,821	245,821	299,821	356,821	419,821	419,826
CFR	224,708	246,953	333,523	391,368	445,873	512,111	511,765
Under / (Over) Borrowing	25,887	48,132	87,702	91,547	89,052	92,290	91,939

14. The Council must set an operational boundary which is the limit beyond which external debt is not normally expected to exceed. This will be lower than the CFR where the Council uses internal resources to finance borrowing (i.e.is under borrowed). The authorised limit is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not necessarily sustainable in the longer term. This is set here at the level of the CFR to allow for flexibility depending on what happens with borrowing rates and to allow for borrowing in advance where this is supported by the capital plans or the CFR. The authorised limit is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils’ plans, or those of a specific council, although this power has not yet been exercised.

Table 7:- Limits to borrowing activity

	2018/19 Actuals £000's	2019/20 Forecast £000's	2020/21 Estimate £000's	2021/22 Estimate £000's	2022/23 Estimate £000's	2023/24 Estimate £000's	2024/25 Estimate £000's
Authorised limit	372,118	532,111	532,111	532,111	532,111	532,111	532,111
Operational boundary	274,000	302,865	353,523	411,368	465,873	532,111	531,765

15. These gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. The purpose of this and the following two 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.

Table 8:- Maturity Structure of Borrowing

	Estimate Upper %	Estimate Lower %
< 12 months	10%	0
12 months up to 2 years	10%	0
2 up to 5 years	10%	0
5 up to 10 years	20%	0
10 up to 20 years	40%	0
20 up to 30 years	40%	0
30 up to 40 years	40%	0
40 years +	60%	0

Table 9:- Upper limit on fixed and variable interest rate borrowing and investments

	2018/19 Actuals %	2019/20 Forecast %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
Upper limit on fixed rate borrowing	100	100	100	100	100	100	100
Upper limit on fixed rate investments	100	100	100	100	100	100	100
Upper limit on variable rate borrowing	100	100	100	100	100	100	100
Upper limit on variable rate investments	100	100	100	100	100	100	100

16. This following indicator links to the Non Specified investment in Appendix 1

Table 10:- Upper limit for principal sums invested for periods longer than 365 days

	2018/19 Actuals	2019/20 Forecast	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Upper limit for investments for periods longer than 365 days	Higher of £24m and 25%	Higher of £24m and 25%	Higher of £30m and 30%	Higher of £30m and 30%	Higher of £30m and 30%	Higher of £30m and 30%	Higher of £30m and 30%

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OXFORD CITY COUNCIL

To:	**Cabinet - 12 February 2020**
	Council - 13 February 2020
Report of:	**Head of Financial Services**
Title of Report:	**Capital Strategy 2020/21 – 2024/25**

Summary and recommendations	
Purpose of report:	To present the Capital Strategy for approval.
Key decision:	No
Cabinet Member:	Councillor Ed Turner, Deputy Leader and Cabinet Member for Finance and Asset Management
Corporate Priority:	All
Policy Framework:	The Capital Strategy is a Policy Framework document
Recommendation: That Cabinet resolves to:	
Recommend that Council approves:	
1. The Capital Strategy attached at Appendix A	

Appendices	
Appendix A	Capital Strategy 2020/21 – 2024/25

Introduction and background

1. Paragraph 18.11 of the Council's Constitution requires that a Capital Strategy is prepared which includes:
    a. The principles the Council will follow in its capital planning and management;
    b. The methodology for inclusion of schemes within the Capital Programme; and
    c. The arrangements for the effective management of capital schemes.
2. The CIPFA 2017 Prudential Code introduces a requirement that Councils prepare and approve a Capital Strategy. This requirement includes consideration of non Treasury investments such as Investment Properties and loans to other organisations. Recent publication, on November 18th 2019, of the CIPFA publication Prudential Property Investment which provides guidance on the purchase of property for revenue or capital gain has led to the inclusion of a new section on property purchase in the revised Capital Strategy.

3. There is a link between the Capital Strategy and the Treasury Strategy through cashflow implications and borrowing strategies. To aid clarity the Treasury Strategy includes all Treasury implications including the Minimum Revenue Provision policy and the Capital Strategy is restricted to non-Treasury Management matters where possible, although will refer to the Treasury Management Strategy when appropriate.
4. The Council continues to have a significant capital investment programme and has adopted a reviewed methodology for identifying, selecting and monitoring capital projects. The current methodology is under review but pending the outcome of that review, this Capital Strategy includes the existing methodology, an outline of which can be found in the Strategy.
5. The Council believes that capital programme delivery is essential to support the services that the Council provides to its customers. The Council now has a Project Management Office and an associated Project Development Team and Development Board.
6. All capital schemes and major projects are assessed and filtered by the Project Management Office prior to being passed through to the Operational Delivery Group or the Development Board and then through to Corporate Management Team.
7. The Council's updated Capital Strategy, which is attached at Appendix A, sets out the approval process for schemes getting into the Programme as well as the governance arrangements in place to manage delivery. The processes (as detailed in the Strategy) set out a clearer path for approving a scheme for inclusion in the capital programme. Its aim is to ensure greater clarity about schemes in the programme and stronger monitoring, in order to improve delivery and assist in prioritisation.
8. The Strategy also sets out the various funding sources available for capital projects and how these might change over time. It also aims to set out the issues the Council needs to consider over the medium to long term.
9. The strategy includes two new sections on New Property Investments (Section 13) and Transformation Funding (Section 15).

Financial implications

10. The Capital Strategy provides a rationale for evaluating, managing and monitoring the Council's Capital Programme in order to secure delivery of the Programme and its objectives in the most cost effective manner.
11. The Head of Financial Service in his capacity as Chief Finance Officer believes that the Capital Strategy is deliverable and affordable within the parameters of the section 25 report on the robustness of the Council's budget and bears acceptable risks within that context.

Legal issues

12. There are no legal implications directly arising from this report.

Level of risk

13. There are not risks directly arising from this report. Risks to delivery of individual projects are identified and monitored as part of the capital scheme approval and monitoring process.

Equalities impact

14. The procurement of capital works will be undertaken in line with the Council's policies to support the payment of a living wage and making apprenticeship and training opportunities available to local people. Many of the facilities funded out of the Capital Programme – such as community centres and social housing – will facilitate the narrowing of inequality in Oxford. There is no requirement to provide an Equalities Impact Assessment for this report.

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Background Papers:
The Treasury Management Strategy
The Property Investment Strategy

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OXFORD CITY COUNCIL

CAPITAL STRATEGY 2020/21 – 2024/25

January 2020

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Appendices

Capital Strategy

1. Purpose

1.1 The Council's Constitution requires the Head of Financial Services to prepare a Capital Strategy which:

a. Sets out the principles the Council will follow in its capital planning.
b. Outlines the methodology for inclusion of schemes within the Capital Programme.
c. Sets out the arrangement for management of capital schemes.
d. Identifies the capital schemes to be undertaken over the following four financial years and how those schemes will be funded.

1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential code also requires local authorities to produce a capital strategy from 2019/20 onwards. The strategy demonstrates how the Council ensures that capital expenditure decisions are taken in line with desired outcomes and consider stewardship, value for money, prudence, sustainability and affordability.

1.3 The Capital Strategy document is a key document for the Council and forms part of the Council's integrated revenue, capital, treasury and balance sheet planning. It is a high level document that provides an overview of how capital expenditure and capital financing contribute towards the delivery of desired outcomes. To facilitate this it summarises the Council's approach to capital investment and lays out the means by which capital schemes are prepared, evaluated and monitored and the governance processes around this. It also includes a narrative of how risks associated with capital expenditure are managed.

2. Scope

2.1 The Capital Strategy covers all capital expenditure and capital investment decisions for the Council and also those entered into under Group arrangements. The Capital Strategy specifically excludes all investments that are entered into under Treasury Management powers; these are covered in the Treasury Management Strategy. The Treasury Management Strategy also includes the policy around borrowing to finance capital expenditure.

3. Capital Expenditure and Investment

3.1 Capital expenditure and investment seeks to provide long-term solutions to Council priorities and operational requirements. Expenditure for capital purposes therefore gives rise to new assets, increases the value and/or useful life of existing assets or, generates an income stream to the Council via non treasury investments.

3.2 The following principles have been adopted which are in accordance with CIPFA's new Treasury Management Code of Practice:

- The Council recognises that capital investment in other financial assets and property primarily for financial return and not treasury management purposes, e.g. loans to companies in support of service outcomes and investment property portfolios require careful management and monitoring
- The Council ensures that all of its non-treasury investments are covered by its Capital Strategy, and sets out, where relevant, the Council's risk appetite and specific policies and arrangements for its non-treasury investments. The risk appetite for these activities may differ from that for treasury management
- The Council has compiled a schedule setting out a summary of its existing material investments and liabilities including financial guarantees together with the Council's associated risk exposure

4. Links to Other Corporate Strategies and Plans

4.1 The Council has an overarching view of its future direction, Oxford2050, which was extensively consulted upon prior to being finalised. This vision can be found on the website: **https://oxford2050.com/**

4.2 The Vision has 5 overarching themes:
- Work and learning
- People and communities
- Built and natural environment
- Transport and connectivity
- Culture and leisure

4.3 Supplementing this, the Council has a Corporate Plan which sets out the Council's vision and priorities for the City.

4.4 The Council's Corporate Plan 2020-2024 sets out the following five strategic priorities:

- **Foster an inclusive economy**
  Oxford needs a more inclusive economy in which wealth is distributed across our communities and where all residents can share the benefits of growth.
- **Deliver more affordable housing**
  Intervention is needed to address Oxford's housing crisis where existing homes are unaffordable for many and demand for good quality homes outstrips what is available.
- **Support flourishing communities**
  Oxford's diverse communities should be equipped, supported and enabled to ensure everyone is able to play a full part in the life of our city.
- **Pursue a zero carbon Oxford**
  The clear message from Oxford's Citizens' Assembly on Climate Change is that citizens want the city to continue to take a lead in reducing emissions and increasing biodiversity.

4.5 An annual statement is then produced – the latest one (relating to the previous Corporate Plan) is here:

[Oxford City Council Corporate Plan Annual Statement 2018/19]

The annual statement describes the achievements of the past year in each of the Corporate Plan areas and identifies where the Council will focus its priorities in the remaining period of the Corporate Plan (i.e. 2019–2020).

4.6 The Corporate Plan for 2020/21 onwards is currently being produced and consulted on.

4.7 Aligned to the Corporate Plan are a number of subsidiary and complementary plans and strategies. Examples include:

- Medium Term Financial Plan
- Asset Management Plan
- Regeneration Framework
- Treasury Management Strategy
- Oxford Transport strategy
- Housing Strategies
- Green Spaces Strategy
- Community Centres Strategy
- Culture Strategy
- Digital Strategy
- Customer Contact Strategy
- Service Plans

4.7 The operation of all of these strategies and plans is underpinned by the Council's Constitution, in particular the Contract Procedure Rules and the Financial Regulations. Capital resources are directed to those projects that optimise the achievement of the overall outcomes as set out in these strategies and plans. The processes adopted are designed to ensure that this happens.

5. External Drivers

5.1 In addition to the Council's own priorities external influence may impact on capital decisions, for example central government, Growth Board and local enterprise partnership (LEP) priorities and funding requirements and the influence of demographic and legislative changes.

6. Setting the Capital Budget

6.1 Identifying Capital Expenditure / Investment Need

The need for a capital project may be identified through one or more of the following processes:

- Service areas prepare plans for the delivery and improvement of their services which align with the overall desired outcomes of the Council; these

may identify any capital investment needed to meet future service outcomes;
- The Asset Management Plan and associated property management processes highlight deficiencies in the condition, suitability and sufficiency of the Council's existing property portfolio and identify future areas of need;
- Housing Management highlight deficiencies in the condition, suitability and sufficiency of the Council's existing housing stock and identifies future areas of need;
- The need to respond to Government initiatives and new laws and regulations;
- The need to generate a revenue income to contribute to the delivery of desired outcomes.

6.2 Assessing Capital Expenditure / Investment Need

6.2.1 Due to competing demands for limited resources, the Council prioritises capital investment based on a number of different factors such as:
- Its contribution to corporate priorities
- Necessity both in terms of physical Health and Safety and also software security
- The extent to which it facilitates delivery of statutory or non-statutory services
- The ability of the project to leverage additional funding, or secure a future income stream
- The affordability of the revenue implications of the project
- The risk of undertaking / not undertaking the capital expenditure

6.2.2 For capital expenditure in relation to loans to companies and investment in property, these are assessed on the ability to provide an income return to the Council. This is assessed on a risk based approach compared to financial return.

6.3 Environmental Considerations in Capital Decision Making

6.3.1 There are many benefits to including sustainability or environmental criteria in the decision-making process when it comes to allocating capital resources.

6.3.2 "Green" or sustainable procurement can help to develop markets for environmentally sound products and services, thereby encouraging the market to develop a more sustainable approach which should encourage the further development of sustainable products and services.

6.3.3 One of our key priorities already demands a reduction of up to 5% carbon emissions' on installed measures. Project Managers are encouraged to consider the installation of measures which are both energy efficient and low on carbon emissions in the capital projects for which they are responsible.

6.3.4 In making loans to companies in which it has an interest, the Council will seek to use its influence to ensure that appropriate environmental considerations are reflected in the entities it is lending to.

6.4 Key Questions

6.4.1 The Prudential Code asks three key questions of any investment decision:
- is it prudent;
- is the scheme affordable; and
- will it prove to be sustainable?

Prudence

6.4.2 Prudence is a difficult concept to define. In deciding whether an investment decision is prudent there should as a minimum be an initial consideration of the relationship between:
- the capital cost and
- the business cost (being the revenue costs associated with the use of the asset).

6.4.3 The authority needs to consider whether this choice represents the best use of resources having looked at all available options: will buying the cheapest now prove to be a false economy? Above all, the authority should be confident that the preferred option is the best value for money, and the quality is sufficient to meet the Council's needs.

6.4.4 Prudence and value for money are also key considerations when deciding whether to loan monies to new companies, this will include security of the loan and the likely pay back period and length of the loan.

6.4.5 Investments in property funds are seen as medium to long term investments therefore the value for money is assessed on this basis to ensure that over a longer period of time the investment is value for money and provides a return to the Council.

Affordability

6.4.6 The question of affordability in relation to capital projects is easier to address as the list of cost components is easier to define. Whilst the list is not exhaustive it will typically include:

Capital Costs	Revenue costs
Feasibility costs	Ongoing rental charges
Initial build/purchase	Ongoing facilities management charges
Disposal/demolitions/de-commissioning costs	Utilities costs
Project management costs internal and external	Maintenance (planned and reactive)
Fees: Surveyors, Clerk of works	Financing costs
Loans to companies	Staffing implications
Investments in property	Business Rates

6.4.7 Feasibility costs may be capitalised provided the scheme leads to the eventual construction of an asset, if not, any such costs incurred must be charged to revenue.

6.4.8 Affordability in respect of investments in property will be a judgement as to whether the return after taking account of the cost of capital is sufficient.

6.4.9 Affordability in respect of investments in companies will need to consider the contribution towards the Councils Corporate Objectives as well as the financial return and potential dividend.

Sustainability

6.4.10 The third question the Code poses relates to sustainability. In assessing whether a capital investment is sustainable, the authority should consider:

- how it fits into any future policy or environmental framework
- the future availability of resources to implement and continue to maintain any capital asset arising
- the potential for changes in the need for the asset, e.g. demographic developments
- the potential for changes in the nature of the driver, problem, or policy the capital expenditure is seeking to address.
- The security on loans made
- The liquidity of investments
- The whole life costs of the project

6.5 Assessing the Impact of Capital Investment on Overall Finances

6.5.1 The assessment of schemes will ensure that the relationship between capital accounting, capital and revenue expenditure and treasury management are considered by identifying the impact that capital investment decisions have on the finances of the authority overall and the relative impact on the General Fund and Housing Revenue Accounts.

6.5.2 The process of adhering to a strict option appraisal methodology and setting prudential indicators will clearly illustrate the revenue impact of capital investment decisions. As well as identify alternative solutions.

6.6 Prioritising Investment

6.6.1 The Capital Strategy plays an important role in the Council's service planning and budget process. Capital Expenditure projects are prioritised and ranked through a scoring methodology aligned to a Capital Gateway framework that ensures capital resources are specifically targeted towards schemes that best meet and deliver the Council's corporate objectives. The process includes the production of fully costed business case. Approved schemes are subsequently monitored to ensure delivery is on time, within budget and meets the projects objectives. More detail on this is shown in Section 7.

6.6.2 Capital Investments projects such as Loans to companies and Investment in property are assessed differently. When considering loans to companies the

Council will consider any Business Plans available to ensure that the investment is sound and that the Councils money is secure. Investment in property is prioritised based on the investment return that will be received back to the Council and taking into account a range of other factors which are outlined in Section 14.

6.7 How Schemes Get Included in the Capital Programme

6.7.1 The Council believes that capital programme delivery is essential to support the services that the Council provides to its customers. To this end a Project Management Office and associated Project Development Team have been constituted and resourced. The Project and Gateway Process has subsequently been fully reviewed and revised.

6.7.2 All capital schemes and major projects are assessed and filtered by the Project Management Office and the Review Group prior to being passed through to the Operational Delivery Group or the Development Board and then through to Corporate Management Team.

6.7.3 Once schemes have been approved to the business case stage and are no longer waiting as a pipeline project they will be presented to Members for inclusion into the draft capital programme which is considered alongside the draft Medium Term Financial Plan. Final approval of the capital programme will be at the Council meeting in February of each year.

6.7.4 As part of the process of producing a list of potential schemes for the capital programme service managers must complete option appraisals to determine the most cost effective way to optimise the desired outcomes.

6.7.5 Capital schemes and adjustments to capital scheme budgets can be added to the capital programme during the year, however this will be by exception and will still need pre-approval through the Capital Project Process prior to being submitted to Members.

6.7.6 It is recognised that there needs to be a process whereby the Council's customers can have input into what is needed for the City. The outline of how the Council seeks to accommodate this is shown in Appendix 2.

7. Performance Monitoring

Council in-house Capital Schemes

7.1 Capital expenditure is reviewed for its legitimacy in meeting the definition of a capital purpose and reconciled monthly. Monthly monitoring meetings are held between Responsible Officers allocated to deliver capital projects and finance staff. For larger projects this may mean the setting up of a Project Board with officers and advisors covering a variety of expertise, chaired by a lead officer who is responsible for the delivery of the project.

7.2 All responsible officers and project managers can obtain monthly financial reports via the Council's Financial Management System, Agresso, advising them of current spend against the profiled budget with variances shown. Officers are responsible for providing an outturn forecast for the project and reasons for any variance.

7.3 Performance of the Council's Capital Programme is reported to the Cabinet via the Quarterly Integrated Report. Part of the new Capital Gateway Process is that there will be additional, more detailed, information provided in the Integrated Reports to Cabinet. The Cabinet Member for Finance and Asset Management will also receive a detailed update on scheme progress and reports to Cabinet show the stage that each project is at and which projects are still subject to feasibility.

7.4 Development Board also review the Capital Programme in detail on a monthly basis, and discuss and approve slippage and underspends of each of the current schemes. The Head of Financial Service has authority to reschedule projects into the following year or pull a project forward from a proceeding year. In cases where a project is forecasting an overspend of £250k or more and cannot be funded from other scheme underspends then the overspend must be reported to Council.

Loans to Companies

7.5 This relates to capital expenditure on capital loans to Council owned companies. These schemes are included within the Council's capital programme and as such are reported on in the same way as other capital projects.

7.6 Loans to Companies will require the monitoring of the operations of the borrower. This will takes the form of performance and financial monitoring reports to Shareholders. The Shareholder can comment on any issue of concerns with a recommendation for corrective action where appropriate, with the ultimate sanction of loan call in. In addition to this, more regular monitoring of the performance of companies is undertaken by the Head of Financial Services.

7.7 Where loans to companies have been financed from borrowing, there will be no charge to revenue in respect of the principal element of the loan whilst the Council is satisfied that the company business plans support repayment in line with the agreed terms. The receipt from the company of principal repayments will then be a capital receipt which will be used to reduce the capital financing requirement. Where the Council has uncertainty over the repayment of loans, a charge to revenue will be made commensurate with the level of risk. This is in line with the Council's Minimum Revenue Provision statement.

8. <u>Outline of the Capital Project Review Process</u>

8.1 Projects and Capital funding bids will pass through a series of stages unless they are specifically exempted from this process (see 8.3). The process is designed to ensure that the bids and a project's progress are monitored and assessed through a robust process aligned to the Capital Strategy.

8.2 The process will require specific documentation to be completed and submitted for review and challenge at various stages. As capital funding bids are to be submitted by September of any year, and funding is approved, ready for release during the new Financial Year (beginning April), the documentation requirement will ensure that capital expenditure or capital project details and its associated business case are recorded, in a consistent manner, so that any scheme can continue with all parties understanding the proposed outcomes and costs.

8.3 Some schemes will not need to go through the full process. Though the capital expenditure will need to be understood for aspects such as vehicle replacement or fencing maintenance, these will not be subject to the Gateway Process other than the first stage (Proposal). These aspects will be managed within Service Areas and be subject to budget monitoring.

8.4 A high level outline of the process is as follows:

- A project is proposed
- The proposal is reviewed and normally recommended to go through feasibility
- Projects in feasibility, as well all projects fully in the capital programme, are reported to Cabinet
- A business case, based on the feasibility outcome, is produced
- Approved business cases go into the project pipeline
- Projects in the pipeline are put forward at relevant times for approval by Cabinet and entry into the capital programme where funding is allocated
- Capital Monitoring reports are incorporated into the quarterly integrated report and include the status of all schemes alongside financial information.

8.4 Once a project has been approved, as well as governance and assurance gateways, monitoring reports will be required, for review by the Development Board.

8.5 Governance arrangements for a project are to be proposed to the Development Board, who will revise or ratify the arrangements and make recommendations to the Corporate Management Team (CMT). Should responsibility for the project be delegated by the Development Board, the delegated authority (typically the Operational Delivery Group) will be responsible for the completion of any governance and assurance. Monitoring reports regarding the Capital Bid and Projects will continue to be submitted for review by the Development Board irrespective of whether authority has been delegated or not.

8.6 The Stages of the process are outlined in Section 9 below and detailed in Appendix 1. The financial appraisal of capital projects, which will be summarised within the business case document, is detailed in section 11.

9. Options Appraisals, Feasibility Studies and the Gateway Review Process

9.0.1 The overall process is shown in diagrammatic form in Appendix 1 and the involvement of customers is shown in Appendix 2.

9.1 Stage 1 – Ideas and Proposals

9.1.1 The purpose of this stage is to:

- Set out what the idea is
- Provide supporting information on why this should be prioritised
- Identify resources needed to take it forward into feasibility or delivery (small projects)

9.1.2 Ideas are put forward using a Proposal template. A proposed scheme may require feasibility funding and move to the Feasibility stage or may move directly to the Design & Specification stage where feasibility funding is not required.

9.1.3 In some instances, the scheme may be rejected outright or may be added to the pipeline of ideas for future consideration or deliver

9.2 Stage 2 – Feasibility and Initial Design

9.2.1 This stage will require the consideration of Construction Design and Management (CDM) and collaborative working to develop the idea.

9.2.2 Feasibility outputs are described using a Business Case template. Supporting feasibility reports and documentation should be submitted along with the Business Case.

9.3 Stage 3 – Planning, Final Design & Technical Specification

9.3.1 Design and specification will develop the business case and establish the requirements and full costs to enable successful delivery of the project.

9.3.2 The full business case will enable the 'Development Board' to determine whether funding commitment should be recommended and contracts awarded or whether the project should be held back in favour of another project that better achieves the organisation's key priorities. Supporting reports and documentation should be submitted along with the Business Case.

9.3.3 As part of this stage, projects are assessed against the Business Assessment Criteria, including financial analysis and assessment (see section 11), and are scored using the Budget Prioritisation Criteria (see Appendix 3) prior to being put forward for budget approval.

9.4 Stage 4 – Delivery

9.4.1 The project is delivered against the full business case. Periodic update reports will enable the current status, risks, and issues relating to delivery to be monitored. The aim is for all projects to be delivered on time and within budget.

9.5 Stage 5 – Closure

9.5.1 On completion a closure report will be produced and using this the project will be reviewed to assess what went well, what could have been done differently and what the challenges were. This will capture key learning so that lessons learned can result in changes to the process for new and existing projects.

9.6 Smaller scale and ICT projects

9.6.1 ICT projects will be undertaken for the following reasons:

- Infrastructure improvement
- Data security improvement
- Audit requirement
- Support service improvement (joint business case from ICT and service)
- New contracted provider in line with Procurement rules

9.6.2 A full business case will be produced to determine whether the project should be recommended and contracts awarded or whether the project should be held back in favour of another project that better achieves the organisation's key priorities.

10. <u>Capital Funding</u>

10.1 There are a number of sources of funding the Council can use to finance its Capital Programme. In the past the Council has relied heavily on capital receipts to fund its General Fund Programme but with limited property available for sale these are gradually being eroded. With continuing budgetary pressures being placed on the Council's General Fund the ability to use direct revenue funding is reducing and consequently the Council will need to either find alternative sources, use prudential borrowing, or curtail its ambitions for capital spend.

10.2 The Council's Capital Programme is currently funded from the following sources:

- Capital Receipts
- Prudential Borrowing
- Developers Contributions e.g. s106 receipts and Community Infrastructure Levy (CIL)
- Revenue Contributions
- External funding – Capital Grants and contributions e.g.
  - Disabled Facilities Grant – housing adaptations within the private sector
- Housing Revenue Account Financing including the Major Repairs Reserve

10.3 Capital Receipts

10.3.1 The Council can recycle capital receipts generated from the disposal of assets back to fund both General Fund and HRA capital projects. As at the 31 March 2019 the Council had £7.8 million of usable capital receipts available to fund future capital spend of which £6.1 million is ringfenced to schemes that increase the supply of affordable housing.

10.3.2 The City Council owns many assets including investment properties and, through the Asset Management Plan, the continuation of holding such assets is reviewed and decisions are taken on whether to:

- Hold and continue to maintain and refurbish them, or
- Dispose of them and generate a capital receipt for funding the Capital Programme.

Further information on Investment Properties can be found in Sections 12 and 13.

10.3.3 The Council has entered into an agreement with the Department for Communities and Local Government in which the authority will recycle within a rolling 3 year period Right to Buy (RTB) receipts arising from “additional” RTB disposals into new social housing dwellings within the City. There are rules around the sum allowed per new social housing build project from funding source. However, the Council currently anticipates all receipts will be utilised on eligible schemes as and when they arise. As at the 31 March 2019 the Council had £4.7 million of these receipts.

10.4 Prudential Borrowing

10.4.1 Under the Prudential Framework local authorities are free to make their own judgements as to whether new borrowing is affordable and prudent, subject to a duty to follow agreed professional principles, which are contained within the Prudential Code.

10.4.2 There is approximately £269 million of Prudential Borrowing included in the Council’s MTFP over the next four years. This is to fund the costs of social housing provision, repairs to investment properties, funding loans to Council companies plus some operational capital schemes.

10.4.3 Borrowing under the Prudential Framework can be used to finance Spend to Save Schemes where the capital investment achieves either revenue savings, or facilitates cost avoidance.

10.4.4 Prudential borrowing to fund capital projects will likely, depending on the nature of the capital investment, bring with it the need to make a charge to revenue to reflect the cost of borrowing. The basis for this charge, known as Minimum Revenue Provision (MRP) is set out within the Council’s Treasury Management Strategy. This cost, where it is to be incurred, will be included the financial appraisal as part of any project’s business case.

10.4.5 Prudential borrowing for property fund investments and the making of loans to companies does not require an MRP since the loan can ultimately be repaid to the Council. However the value of the investment is reviewed annually and should the value deteriorate then impairment would need to be charged to the revenue account.

10.5 S106 Developer Contributions/Community Infrastructure Levy (CIL)

10.5.1 Developer contributions and CIL are sought to mitigate the impact of developments and to overcome what would otherwise be a potential reason to refuse a planning application. Following the introduction of CIL the Council primarily seeks S106 contributions to meet the social housing targets within current planning policies.

10.5.2 The CIL charging mechanism which largely replaces s106 monies can be claimed to fund:

- Community Facilities,
- Indoor Sports Facilities,
- Public Open Space,
- Environmental Improvements,
- Public Art,
- Highway measures (inclusive of Park and Ride, Pedestrian measures, Cycle Facilities etc.),
- Education,
- Libraries,
- Waste Recycling,
- Youth Services,
- Museum Resource Centre and
- Day Care Provision for Adults.

10.5.3 In order for CIL to work properly strong partnership ties with the Council's public sector colleagues at Oxfordshire County Council, Oxford University, Oxford Brookes University, the Clinical Commissioning Group and neighbouring District and Borough Councils. Community organisations may need to be established and enhanced over time.

10.6 Revenue Contributions

10.6.1 Revenue funding can be used to directly finance capital expenditure. The amount that is available is dependent on other revenue income and expenditure and is driven by the Medium Term Financial Plan. Revenue Reserves can also be used to supplement the in-year funding. The levels of revenue funding available overall are subject to the judgement of the Head of Financial Services (the section 151 officer) who will assess the necessary levels of general balances and earmarked reserves.

10.7 External funding

10.7.1 External funding can be sought to support capital schemes and indeed this is to be encouraged since it increases the level of resources available to the Council. However prior to submitting bids for grant funding, an assessment of the proposed scheme must be undertaken including all revenue implications and conditions of the funding. The Development Board and the Head of Financial Services must agree to the capital project and the submission of a funding bid prior to entering into any commitment.

10.8 Housing Revenue Account Specific Funding

10.6.1 Capital commitments can be funded from surpluses within the Council's Housing Revenue Account (HRA). The production of a 30 year HRA Business Plan, which is periodically reviewed, enables the funding needs of the Council's housing stock to be accommodated. The amount of surplus is influenced by rents which, for four years from 1/4/2016, have been limited by Government to a year on year decrease of 1%. This in turn limits the amount of funding available to finance capital expenditure

10.6.2 The HRA can utilise prudential borrowing. The HRA had a debt cap from 2012 until recently but this cap has now been abolished by Central Government.

10.6.3 The HRA is charged with depreciation which, unlike the General Fund, is not reversed out and so is a real charge to the account. This amount is then available through the Major Repairs Reserve for financing new capital expenditure.

10.6.4 The resulting HRA Capital Programme provides for renovation and improvement of existing housing stock, tower block refurbishment and limited estate regeneration. Since the lifting of the HRA debt cap in 2018 there is now scope for purchasing or developing properties in the HRA.

11. <u>Financial Assessment of Business Cases</u>

11.1 General

11.1.1 Where proposals are all intrinsically part of the same project, these can be combined into one business case. Where they are distinct i.e. benefits will accrue if one part is undertaken but not the other, then separate modelling should be undertaken to give the option of taking one part without the other. Where there are potential variations within aspects of the project an options appraisal should be undertaken.

11.1.2 For grant funded projects, separate analysis should be undertaken to ensure that any benefits outweigh any costs incurred in addition to that funded directly by grant. Grant projects are not risk free and care should be taken about the risks fall and the potential impact of those risks on the Council or the City. **Projects should be approved by the Chief Finance Officer prior to applying for grant funding**.

11.1.3 The purpose of the financial appraisal element of a business case is to:

- identify the financial implications for the project,
- allow comparison of project costs against the forecast benefits,
- ensure the project is affordable; ensure every cost associated with the project is considered,
- assess the financial impact of risks associated with the project
- understand the project sensitivities and the potential impact of these
- assess value for money, and
- predict cash flow.

11.1.4 Assessment of Property Investment purchase will be undertaken using different criteria and this is covered in Section 13.

11.2 Financial Analysis

11.2.1 Financial analysis must be undertaken with support from the relevant service accountant. The Financial Analysis must include:

- All marginal Capital and Revenue requirements
- Impact on the Balance Sheet
- The impact on the Revenue Account
- The impact on cashflows
- Overall affordability and funding

11.2.2 Costs which will no longer be incurred due to the project should be included as a benefit and likewise income which will no longer be received should be included as a cost.

11.2.3 The Financial Analysis must be undertaken on the basis of a full financial cost benefit analysis with all key assumptions identified, aiming for as much accuracy as possible. Costs and benefits should exclude VAT where this is recoverable but should include non-recoverable tax (such as national insurance and corporation tax). Financial analysis must be iterative because as the business case is developed, earlier work must be revisited to verify the continued applicability and valuation of costs and benefits.

11.2.4 Capital Funding for capital projects must be assumed to be through borrowing unless there is specific funding for the project which only becomes available to the Council through undertaking the project i.e. the construction of a new building which directly frees up another asset for sale in which case the capital receipt from that potential sale can be used as financing or part-financing. Where it is proposed to use capital funding other than borrowing for financial analysis purposes, this must be explicitly agreed by a Finance Manager (the Financial Accounting Manager or the Management Accounting Manager). Where it has been agree to use other funding sources in the financial analysis, care must be taken over timings and to ensure costs of bridge funding are included in the analysis.

11.2.5 The rate of interest to be used for borrowing will be based on PWLB rate projections indicated by the life of the asset and the expected timing of the funding requirement. Rates to be used will be set for each budget round by the Financial Accounting team.

11.2.6 The period of time each case is assessed over depends on the life of the asset / project. As a guide:

- For capital based projects the assessment should be over the life of the asset and should include all costs and benefits for the whole of that life;
- For revenue based projects the assessment should be over a 5 year period.
-

11.2.7 All costs and benefits must be clearly broken down so that it is clear what is included and so that the behaviours of the individual elements can be properly assessed and scrutinised. Costs and benefits with different behaviours and / or dependencies should therefore be separately identified. This analysis should be undertaken from both a cash and a revenue account perspective. Detailed workings should be available in excel format and all assumptions must be identified.

11.2.8 The overall impact on both the income and expenditure account and the impact on the balance sheet should be identified based on the analysis.

11.2.9 The following indicators must be provided for the financial cost benefit analysis:
- Net Present Value (NPV)
- Payback period (years)
- Benefit/Cost Ratio
- Internal Rate of Return (IRR)

The NPV, payback period and Benefit / Cost Ratio calculations must use a discount rate of 3.5% (as per the Treasury Green Book which is the discount rate the Council uses as a standard). The indicators must be calculated using both a cash and a revenue basis. The payback period should be provided on a discounted and a non-discounted basis.

(NB there will be other non-financial costs and benefits and these should also be identified in the business case but not as part of the financial analysis element.)

11.3 Risk Assessment

A risk assessment should be undertaken using the Council's standard methodology. The assessment summarises the significant risks specifically related to the project and should explain clearly what the causes, consequences, controls and mitigations are and how the risks are managed. There are other high level risks inherent in capital programmes and these are covered in Section 16.

11.4 Sensitivity Analysis

11.4.1 Sensitivity analysis should be undertaken based on the risks of the project and the key assumptions adopted in the financial analysis. Sensitivity analysis concerns project risk and looks at alternative futures by measuring the impact on project outcomes or assumptions of changing values in which there is uncertainty.

11.4.2 The actual sensitivities used may vary from project to project but some basic sensitivities should include:
- Costs more than expected by 5%
- Expected savings / income less than expected by 5%
- Costs more than expected by 5% AND expected savings / income less than expected by 5%

The NPV and other indicators of each of these scenarios should be shown against the baseline case.

Also:
- How much would cost increase / savings need to reduce by to make the project unviable

11.5 Business Case Financial Assessment

11.5.1 The key assessment criterion is the NPV measure. IRR can be a useful guide but also can be unreliable when comparing projects with different cash flows.

11.5.2 The Payback period is useful but normally doesn't take account of the discount factor, hence the need for inclusion of a separate discounted payback period.

11.5.3 The sensitivity analysis gives an indication of how the project will fare given variations, however judgment will have to be applied on the probability of those variations.

11.5.4 Undertaking analysis of the cashflows and revenue impact allows the impact on both the profit and the liquidity of the organisation. It may be that there will be a limit placed on the amount of projects undertaken from a strategic perspective based on the cashflow and revenue impact and associated risks as well as other non-financial factors (such as capacity).

11.6 Standard Models

Standard base models will be developed and revised over time, however there can never be a one size fits all approach since all projects are different and the assumptions and sensitivities will vary from project to project, however some assumptions will be consistent to enable comparison between projects. These standard assumptions will be developed and refined over time by the Financial Accounting Team within Financial Services and in any case will be reviewed for each budget round. The standard assumptions will include what general inflation figures should be used for different types of expenditure and income; variations from this can be agreed, however justification for the variation would be needed.

11.7 Inclusion of Financial Information in a Business Case Document

Financial analysis of a project is undertaken using excel modelling techniques. It is not appropriate to include this in detail in the Business Case for a project. Instead the key aspects of the financial analysis should be summarised, identifying the key factors such as:

- Revenue impact
- Cashflow impact
- Summary of indicators
- Sensitivity impacts

12. <u>Existing Property Investments</u>

The Council has a substantial portfolio of properties that are held for revenue or capital returns and not for service delivery. The gross book value of these properties as at 1st April 2019 was £127.9 million. Rent due to be received in 2019/20 is £9.0 million which is 7.02% of the book value. The risk of voids has been assessed by the property team on an individual property basis which gives a total percentage risk of future void properties of 23.69% which would amount to £2.1 million. The highest impact is from the retail and restaurant sector. A high level summary is shown in Appendix 4.

13. New Property Investments

13.1 General

This section covers where property is purchased primarily or totally for capital or revenue gain. This type of purchase is a non-treasury investment and must be considered against different criteria and follow a different governance route.

13.2 Powers

13.2.1 The first consideration, for any property purchase is what powers are being used. There are two potential routes for property purchase:

- The Land & Buildings Route – where there are specific statutory powers to acquire land for purposes under primary legislation; this will cover the purchase of property for any type of direct service provision; or
- Investment Route – where there are no service related powers that can be employed and the purchase is for revenue or capital gain. This is a pure investment and the purchase is undertaken using the Council's investment power (section 12 of the 2003 Local Government Act.

13.2.2 Where property is purchased using investment powers, it must comply with both the Prudential Code and the Treasury Code; properties purchased through the land and buildings route must comply with the Prudential Code. To comply with the:

- Prudential Code it must be demonstrated that the expenditure is
  - Affordable;
  - Prudent; and
  - Proportional
- Treasury Code and it must comply with the Treasury Management principles in order of:
  - Security
  - Liquidity
  - Yield

13.3 Funding

13.3.1 Expenditure on the purchase of property is capital in nature and therefore must be financed from within capital resources which are covered in Section 10.

13.3.2 Which capital resources can be for the financing is determined by the powers used for the purchase. Where a property is purchased using the land and buildings route, any capital financing resource can be used. However where a property is purchasing using investment powers there are restrictions identified in statutory guidance and other documents such as CIPFA's Prudential Property Investment advice. The MHCLG Statutory Guidance states that no borrowing "in advance of need" should be taken out. In order to follow this guidance and advice, the only type of borrowing that should be used for capital investments is internal borrowing from surplus cash. External (PWLB or other lender) borrowing would not comply with this and would be considered as borrowing in advance of need.

13.3.3 All borrowing must be affordable, sustainable and provide value for money. In order to demonstrate this, the return on the investment would need to exceed the capital financing costs; this will be assessed as part of the financial assessment.

13.4 Governance

13.4.1 All properties purchased for financial gain will be approved through an agreed governance process. In deciding on the approval process to be adopted, Cabinet were presented with a number of options:

- Cabinet (status quo)
- Cabinet with increased use of special meetings.
- Leader or single Cabinet Member decision making
- Cabinet sub-committee
- Officer decision following consultation with Cabinet Member(s)

13.4.2 Cabinet decided to delegate the authority for the decision in relation to individual property transactions to the Cabinet Member for Finance and Asset Management. All decisions will be made following advice and reports from relevant officers including officers from property, finance and legal. Reports from external professionals, including legal professionals, will also be obtained and considered in order that a robust decision is taken.

13.4.3 The same group will be responsible for monitoring the performance of purchases made against the original assumptions and also deciding on any remedial action that may be necessary. Performance will be measured and reported on a quarterly basis.

13.5 Property Investment Skills and Knowledge

Staff within the property team have previous experience with commercial property investments from within the private sector. Additionally, the Council already has a significant investment property portfolio which is managed on a commercial basis by the in-house property team. These staff will be applying these skills and experience both for advising on the purchase of new property and for managing the property acquired.

13.6 Property Purchase Considerations

13.6.1 There are a number of areas that will be considered when making recommendations on potential property purchased.

13.6.2 <u>Financial</u>

a) The Council will be aiming to make purchases where returns are greater than the capital cost of the original investment over an agreed period. In the main capital spend is financed from prudential borrowing with borrowing costs falling on the revenue account. Prudential borrowing will generally attract a cost of capital of around 5% inclusive of the Minimum Revenue Provision (MRP). The

MRP Policy is contained in the Treasury Management Strategy. The interest cost, where internal borrowing is used, will be the a balance of the opportunity cost of lost treasury management investment interest and the increased need to borrow externally to finance prudential borrowing for non-investment capital expenditure.

b) All property considered for purchase will be assessed using a standard assessment model as outlined in Section 13.8. Included in the overall assessment will be how the purchase fits in with long term plans, including the impact of MRP on the Council's revenue account.

c) All property assessments will assume an external borrowing interest rate to reflect the impact of any purchase on the reduced availability of resources to finance other projects. However, restrictions on appropriate funding sources will also be part of the purchase consideration.

d) The level of reliance the Council's budget places on property investments will be considered when deciding on the overall capital budget decision and will not be considered specifically when making individual property purchases. Individual property purchases will be assessed to ensure that they are making sufficient contribution to the overall income targets and that the contribution level carries with it an acceptable level of risk.

13.6.3 <u>Portfolio Balance</u>

The Council currently owns and manages a significant portfolio of investment properties. Any proposed purchases will be assessed in terms of its impact on the market sector balance of the investment property portfolio.

13.6.4 <u>Risk</u>

a) A risk assessment should be undertaken using the Council's standard methodology. The assessment summarises the significant risks specifically related to the project and should explain clearly what the causes, consequences, controls and mitigations are and how the risks are managed. There are other high level risks inherent in capital programmes and these are covered in Section 16.

b) The risks associated with each purchase will be assessed to ascertain whether the specific property gives rise to high risks. The other assessment criteria will, to a large extent, incorporate the potential impact of the risks, for instance financial risks will be assessed through the sensitivity analysis and income risks through the assessment of covenant strength. In any case, credit checks on tenants will be obtained from credit rating agencies. Where there are higher risks and it has been decided to proceed with a purchase, part of the assessment will include any additional ongoing monitoring requirements and increased return.

13.6.5 <u>Lease and Covenant Strength</u>

It is recognised that lease and covenant strength is a key factor in relation to the maintenance of property rental income levels and therefore potential purchases will be assessed for:

- Tenancy Strength – the ability of the tenant to pay rent on time and in full.

- Lease length – the unexpired term of the lease and any break clauses in the lease
- The risk associated with a tenant vacating and the potential to attract good quality replacements tenants at acceptable rental levels
- Repairing and other terms within the lease agreement

13.6.6 Property Aspects

The property will be assessed by the Council's Property Services Team or external advisor for a number of factors including:

- Building Age and Specification: the quality of the building will affect the ability of the authority to let or sell the property in the future and the condition will affect the cost of repairs and refurbishment;
- Energy efficiency standards: the Council will not purchase properties that are not compliant with the relevant energy efficiency standard;
- Pre-acquisition surveys –building elements
- Management Costs: some property types and locations will result in additional cost of management and therefore the capacity within the team will be considered and where there are additional management costs these will be incorporated into the financial analysis;
- Location is a factor and will be considered as part of the assessment. For instance, properties inside the council's administrative boundary would provide ease of inspection, but may not provide the best sector spread or return on capital investment. However if a property is far afield, additional work will be needed to understand the market. Any increased management costs will be factored in to the financial assessment. Therefore the proximity to the Council's economic area will be a consideration.

The Cabinet approved the following investment parameters:

- Lot size between £5 - £25m;
- Target yield profile minimum of 5.0%;
- Locations limited to Oxfordshire, Northamptonshire, Warwickshire, Buckinghamshire, Berkshire, Wiltshire, and Gloucestershire;
- Covenant strength subject to financial checks and as agreed by the Head of Financial Services;
- Where possible seek ethically and socially responsible tenants that are aligned to the council's aspirations to providing better outcomes for society as a whole.

Should opportunities arise outside these parameters a separate cabinet paper would be presented.

13.7 Portfolio Value

A fair value assessment is undertaken annually and the property values updated in line with this. Where a property purchased through this process is impaired, an update will be provided to the Group along with an assessment of any impact on the security of investments and any revenue consequences. The underlying assets provide the security for the investment and it will be considered whether it is prudent to provide an additional voluntary revenue provision for the shortfall.

13.8 Financial Assessment

13.8.1 The Council will need to ensure a satisfactory level of return on its investments and may decide to evaluate purchases on a balance between income yield and economic redevelopment and regeneration. It is recognised that some investments will generate a return in the medium to long term but make a loss in the earlier years.

13.8.2 Any direct property acquisition would be subject to purchaser's costs, typically these would include the following:

Stamp Duty	5.0%
Legal Fees	0.5%
Agent, Survey & Valuation Fees	1.0%
Total Acquisition Fees Circa	6.5%

Acquisition costs of 6.8% of the property purchase price are included in the assessment as a starting point.

13.8.3 The Financial Analysis must include:

- All marginal Capital and Revenue requirements
- Impact on the Balance Sheet
- The impact on the Revenue Account
- The impact on cashflows
- Overall affordability and funding

13.8.4 Costs which will no longer be incurred due to the project should be included as a benefit and likewise income which will no longer be received should be included as a cost.

13.8.5 The Financial Analysis must be undertaken on the basis of a full financial cost benefit analysis with all key assumptions identified, aiming for as much accuracy as possible. Costs and benefits should exclude VAT where this is recoverable but should include non-recoverable tax. Financial analysis must be iterative because as the business case is developed, earlier work must be revisited to verify the continued applicability and valuation of costs and benefits.

13.8.6 Capital Funding for capital projects must be assumed to be through borrowing unless there is specific funding for the project which only becomes available to the Council through undertaking the project i.e. the construction of a new building which directly frees up another asset for sale in which case the capital receipt from that potential sale can be used as financing or part-financing.

Where it is proposed to use capital funding other than borrowing for financial analysis purposes, this must be explicitly agreed by a Finance Manager (the Financial Accounting Manager or the Management Accounting Manager). Where it has been agree to use other funding sources in the financial analysis, care must be taken over timings and to ensure costs of bridge funding are included in the analysis.

13.8.7 The rate of interest to be used for borrowing will be based on PWLB rate projections indicated by the life of the asset and the expected timing of the funding requirement. Rates to be used will be set for each budget round by the Financial Accounting team.

13.8.8 The period of time each case is assessed should be over the life of the asset, which for financial assessment purposes is assumed to be 50 years, and should include all costs and benefits for the whole of that life;

13.8.9 All costs and benefits must be clearly broken down so that it is clear what is included and so that the behaviours of the individual elements can be properly assessed and scrutinised. Costs and benefits with different behaviours and / or dependencies should therefore be separately identified. This analysis should be undertaken from both a cash and a revenue account perspective. Detailed workings should be available in excel format and all assumptions must be identified.

13.8.10 The overall impact on both the income and expenditure account and the impact on the balance sheet should be identified based on the analysis.

13.8.11 The following indicators must be provided for the financial cost benefit analysis:

- Average Return (£)
- Average rate of return (%)
- Initial return (£)
- Initial rate of return (%)
- Maximum revenue return (£)
- Minimum revenue return (£)
- Net Present Value (NPV) (£)
- Internal Rate of return (IRR) (%)
- Payback period (years)

The analysis uses a discount rate of 3.5% (as per the Treasury Green Book which is the discount rate the Council uses as a standard).

(NB there will be other non-financial costs and benefits and these should also be identified in the business case but not as part of the financial analysis element.)

13.9 Sensitivity Analysis

13.9.1 Sensitivity analysis should be undertaken based on the risks of the project and the key assumptions adopted in the financial analysis. Sensitivity analysis concerns project risk and looks at alternative futures by measuring the impact on project outcomes or assumptions of changing values in which there is uncertainty.

13.9.2 The actual sensitivities used may vary from project to project but some basic sensitivities should include:

- Price Higher by 10%
- One off costs higher by 5% of Purchase Price
- Rent lower by 1%
- Life shorter by 5 years
- Rent Inflation Lower by 0.5%
- General Inflation Higher by 0.5%
- Revenue Costs Higher by 0.5% of Expected Purchase Price
- All above Sensitivities together
- This will be overlaid with an assessment of the likelihood of that sensitivity occurring

13.10 Business Case Financial Assessment

13.10.1 The key assessment criterion is the NPV measure. IRR can be a useful guide but also can be unreliable when comparing projects with different cash flows and so it should be used in conjunction with other measures.

13.10.2 The Payback period is useful but normally doesn't take account of the discount factor.

13.10.3 The sensitivity analysis gives an indication of how the project will fare given variations, however judgment will have to be applied on the probability of those variations.

13.10.4 Undertaking analysis of the cashflows and revenue impact allows the impact on both the profit and the liquidity of the authority. It may be that there will be a limit placed on the amount of projects undertaken from a strategic perspective based on the cashflow and revenue impact and associated risks as well as other non-financial factors (such as capacity).

13.11 Standard Models

A standard base models has been developed using standard assumptions and sensitivities, however some variance may need to be made depending on the property specifics. The standard model will be developed and refined over time by the Financial Accounting Team within Financial Services and the Regeneration and Major Projects Team. The standard assumptions will include what general inflation figures should be used for different types of expenditure and income; variations from this can be agreed, however justification for the variation would be needed.

14. <u>Loans to Companies</u>

14.1 In response to reducing resources the Council has looked to new delivery models to maintain service provision and continue its significant capital investment in the City which levers in other partners and innovative financing. These new delivery models include:

14.2 Barton Oxford LLP

14.2.1 In 2011 the City Council entered into a partnership with the property developer Grosvenor to undertake the development of a 94 acre residential led scheme to the North East of Oxford, Barton Park.

14.2.2 Planning permission has been secured for 885 homes (354 affordable) alongside a primary school, food store, community hub and park.

14.2.3 The authority has contracted to purchase the 354 affordable dwellings which it will transfer to its Housing Company.

14.2.4 There is no loan as such to the Barton Oxford LLP, however the Council did transfer some of its land which it was expecting to receive a payment plus interest. Due in the main to adverse market conditions, it is no longer expected that the Council will receive payment for this land and so the long term debtor was fully impaired in 2018/19.

14.3 Oxford Housing Company Ltd

14.3.1 The City Council approved the establishment of a group of wholly owned housing companies in March 2016 and Oxford City Housing Limited (OCHL) (The Holding Company), Oxford City Housing (Investment) Limited (OCHIL) and Oxford City Housing (Development) Limited (OCHDL) were incorporated in 2016.

14.3.2 The Companies' business plan includes the purchase of the 354 Barton Park properties plus the development of multiple development sites resulting in around 1,000 social dwellings plus additional market dwellings.

14.4 Oxpens West End Development Company Limited (OxWED)

14.4.1 In January 2016 the Council entered into a joint venture with Nuffield College forming OXWED. The company acquired land from London and Continental Railways and following a period of master-planning will procure a development partner, complete land assembly, and bring forward a scheme of comprehensive development comprising a new mixed use neighbourhood with business space and affordable and market homes.

14.4.2 The Council has also transferred its own related land holdings into the company at market value.

14.5 Oxford Direct Services

14.5.1 In 2017 the Council formed two wholly owned companies:

- Oxford Direct Services Limited, a Teckal company largely providing services back to the Council and
- Oxford Direct Service Trading Limited, a Trading Company which initially is limited to commercial waste collection but in future will expand to include all external trading activity

14.5.2 The two companies became operational on 1st April 2018.

14.5.3 The Council will remain the owner of all assets that the companies will utilise to deliver their services, including vehicles and depots. These assets will be leased to the company at commercial rates over the life of the assets.

14.6 Loans to the Companies

14.6.1 As at 1st April 2019 the Council had given the following loans to the companies:

- £1.52 million to OCHIL for the purchase of 7 properties from the Housing Revenue Account and £2.40 million for the purchase of properties at Barton Park
- £0.32 million to OCHDL for the purchase of land at Rosehill
- £6.50 million to OxWED for the purchase of land from London and Continental Railways and £4.16 million for the purchase of land at market price from the Council
- £0.10 million to OxWED for working capital

14.6.2 The Council was due a payment for some land at Barton that it has made available to Barton LLP. This debt was fully impaired in 2018/19.

14.6.3 Further loans have been granted during 2019/20:

- £6.07 million to OCHIL for the purchase of Barton properties

14.6.4 There are plans for further loans to the Housing Company to the value of £76 million over financial years 2020/21 to 2024/25.

14.6.5 The Council either holds the land and property relating to the capital loans as collateral or has the ability to place a charge on the property. The Council ensures that due diligence is undertaken in all aspects of these new service delivery models and any commercial activities. The business plans of the Companies are monitored and if there is uncertainty over the repayment of these loans, the Council will make a charge for impairment to its revenue account. Currently the Council does not consider that there is any significant risk of non payment of these loans.

14.6.6 Any loan for capital purposes to a company in which the Council has an interest is categorised as capital expenditure by the Council. This means that the Council can take out external borrowing to fund the loans as necessary. The Council could fund such loans from many sources; however, the majority will be funded from internal and external borrowing. The Council will not make any MRP provision in respect of loans to a Company in which it has an interest on the basis that the loan will be repaid in full on the agreed terms. The Council will undertake these loans under powers other than its Treasury Management investment powers.

14.6.7 Interest rates charged on the loans will be set with reference to:

- The level of collateral;
- An assessment of the credit worthiness of the company; and
- State Aid rules

14.6.8 Loan agreements will be put in place for any loans to Companies in which it has an interest. The agreements will detail:

- The general terms under which the loan is advanced;
- Loan repayment requirements;
- What security there is on the loan with reference to collateral; and
- Any loan covenants that must be adhered to.

15. Transformation Funding

15.1 As a general rule it is not lawful to use capital resources to finance revenue expenditure; this is based on legislation applying to local authorities. DCLG issued the Statutory Guidance on the Flexible Use of Capital Receipts in March 2016. The Local Government Act 2003 ("the Act"), section 15(1) requires a local authority "… to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify …". The guidance on use of capital receipts flexibility is issued under section 15(1) of the Act and authorities are therefore required to have regard to it. A Direction made under section 16(2)(b) of the Act was also published to give the actual statutory powers to apply this flexibility. The guidance has been updated to include the financial years 2016/17 to 2020/21.

15.2 Oxford Direct Services Limited is undertaking a transformation project. The overall intention of the Transformation project is to transform the operations of Oxford Direct Services (ODS), increase their competitiveness and therefore increase the dividend paid back to the Council. The project consists of a number of elements including the replacement of assets, restructuring the workforce and improving the ICT systems used by the Company. This report is concerned with the capitalised revenue costs of the transformation relating to technology, project management, consultancy and voluntary redundancy. There is £1.25 million in the capital programme to cover the costs of this and the Council has formally approved a transformation grant to the Company to fund this after considering the projected returns from the capitalised revenue aspects of the project.

15.3 Local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local authorities may not use their existing stock of capital receipts to finance the revenue costs of reform. There will be sufficient capital receipts both from general sales and from the repayment of the vehicle leases in place between the Council and Oxford Direct Services Limited to finance the capitalisation of the Oxford Direct Services transformation costs.

15.4 The progress and delivery of the capitalised revenue cost element will be reported on an annual basis within future Capital Strategies. The capital grant will paid to Oxford Direct Services with grant conditions that ensure it is repayable if the increased efficiencies and the increased dividend to the Council are not achieved.

16. Risk Management

16.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its desired outcomes and to execute its strategies successfully.

16.2 Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

16.3 The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. The corporate risk register sets out the key risks to the successful delivery of the Council's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.

16.4 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

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

16.6 The Council accepts there will be a certain amount of risk inherent in delivering the desired outcomes of the Oxford2050 Vision. The Council seeks to keep the risk of capital projects to a low level whilst making the most of opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, the Council seeks to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register.

16.7 In producing its capital plans, the Council will ensure that its approach to commercial activities is proportional to its overall resources so that undue risk is not placed on the Council's future financial position.

16.8 The following risks should be included in the Project Risk Assessment:

- **Credit Risk**

This is the risk that the organisation with which the Council has invested capital monies becomes insolvent and cannot pay the investment returns or complete the agreed contract. Accordingly, the Council will need to ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

- **Liquidity Risk**

This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This also includes the risk that the cash inflows will be less than expected.

- **Legal and Regulatory Risk**

This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Council must understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations must be kept under review and factored into any capital bidding and programme monitoring processes.

- **Interest Rate Risk**

Interest rate risk must be considered at a project level where there are potential project level impacts, for instance through contractual conditions or through the effect on expected returns from the project.

- **Inflation Risk**

Inflation risk must be considered at a project level where there are potential project level impacts, for instance through contractual conditions or through the effect on expected returns from the project.

- **Fraud, Error and Corruption**

This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the Council's policies and procedures.

16.9 The following risks are considered at a Corporate level as part of the overall capital and revenue budgeting process:

- **Interest Rate Risk**

This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Exchange Rate Risk**

This is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Inflation Risk**

This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

17. Other Considerations

Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.

Capital Scheme and Major Projects Process

Overview

Projects will be worked up through a number of controlled stages. On completion of a stage, the enabling body will approve the project to continue to the next stage or may prematurely close the project.

The process aims that all projects should:

- Maximise our resource
- Work collaboratively
- Not be afraid to fail

The council's project delivery process is made up of six stages:

1. Ideas and proposals – identifying a concept, providing more information and identifying resources needed
2. Feasibility and options appraisal – developing an idea/proposal and identifying any issues that need to be overcome or may prevent your project progressing
3. Design and Specification – develop the business case and establish the requirements and full costs to enable successful delivery of the project
4. Pipeline – approved projects that are waiting for confirmation of funding
5. Delivery – implementing the approved project in line with the business case
6. Closure – reviewing the delivered project to see what went well and what lessons can be learned

Ideas and proposals

Ideas can come from different places – team plans, members, strategies, service/action plans, people in the community, reviews and audits

The purpose of this stage is to:

- set out clearly what the idea is
- provide supporting information on why it should be prioritised
- identify the resources needed to take it forward

Submitting a project proposal

Ideas and proposals need to be:

- supported and approved by the relevant Head of Service
- put forward using the Proposal template to the Project Management Office (PMO) by email

A proposal will outline the scheme in enough detail to enable the Review Panel to make a recommendation to either Development Board or Operational Delivery Group (ODG). They, in turn, will make a recommendation to the Corporate Management Team (CMT) to make the decision to proceed.

Possible outcomes

There are a number of outcomes to a project proposal:
- it may be rejected by the Review Panel
- It may be approved by the Review Panel but rejected by Development Board or ODG
- It may be approved in initial stages but be rejected by CMT
- it may be added to the pipeline of future project

Feasibility funding

A proposal scheme may need feasibility funding to help it progress. Read about how to obtain feasibility funding if you need it.

Writing a good proposal

A good proposal would ideally meet one or more of these criteria:
- it meets one or more of our corporate priorities
- it is essential work
- it generates income or lead to service improvements
- it saves the council money
- it makes a difference to local communities
- has a positive impact on the environment

Feasibility and options appraisal

This stage is primarily for large capital projects. Smaller scale and ICT projects will move directly to the design and specification stage.

The feasibility and options appraisal stage is about developing the idea/proposal and identifying any issues that need to be overcome or may prevent the project progressing. Feasibility work undertaken will enable the Development Board to understand if a project is feasible and viable and whether the project should progress into detailed design. This stage may take many weeks or months and may require assistance from ‘Oxford Direct Services’ or externally procured professional services. External funding sources may be identified at this stage.

There are a number of things to consider when entering into the feasibility stage. What to consider:

7. What options have been considered?
8. What consents and from which agencies are these required?
   - What is the timescale for delivery of these?
   - Are they showstoppers?
9. What will it cost and how will it be funded
10. What is the return on investment? How long will it take to deliver? What other benefits are anticipated?
11. What other benefits will there be – financial or non-financial
12. What risks have you identified and how have they been managed or plans to mitigate?

13. Are there Corporate Impact Assessments needed e.g. Equalities Impact Assessment, Privacy Impact Assessment
14. CDM pre-construction checklist
15. Corporate Health & Safety
16. What resources will you need for the next stage (either implementation or detailed design)
17. Who will be on the team?
    - Oxford Direct Services?
    - Other internal?
    - External support?
18. Direct Services to express interest in project and demonstrate competency/value for money
19. External influences
    - Procurement
    - Funding/Grants
    - Members
    - Planning – both our the Council's own Planning Service and outside
20. Soft market testing
21. Roadmap for implementation – including proposed start date
22. Lessons learned

Site surveys
This stage may require you to consider site surveys and Construction Design and Management (CDM) will need to be considered.

Writing an Outline Business Case

Two business case templates are available:
- Business Case for Physical Assets
- Business Case for Efficiency Projects

The appropriate template should be selected. Supporting feasibility reports and documentation should also be submitted along with the Business Case. An outline Business Case that is supported and approved by the relevant Head of Service is to be produced at the end of this stage.

Smartsheet 'Project Updates' will be issued during this stage.

Feasibility funding

Feasibility funding may be needed to support the development of the project.

Outline business case

A good Outline Business Case would ideally meet one or more of these criteria:
- the proposed project is feasible, viable and deliverable
- it will continue to meet corporate priorities
- it is still essential work?
- it will still generate income or lead to service improvement
- it still looks like it will make a difference to local communities

Design and Specification

Large capital projects will need to have been through the feasibility and options stage before this stage. This stage will develop the business case and establish the requirements and full costs to enable successful delivery of the project.

Full Business Case

Two business case templates are available:

- Business Case for Physical Assets
- Business Case for Efficiency Projects

The appropriate template for the scheme should be selected. Supporting feasibility reports and documentation should also be submitted along with the Business Case. A full Business Case needs to be supported and approved by the relevant Head of Service.

Review and recommendations

The PMO will review any submitted Business Case through a Review Panel. There are four recommendations the Review Panel may make:

- The Business Case needs further information/revision. The Business Case form will be returned to the author describing what additional information is required
- The Business Case will not be progressed
- The Business Case will be progressed but to be added to a pipeline of projects for future delivery
- The Business Case will be submitted to
  - the Development Board for capital programme evaluation (for large capital projects
  - Operational Delivery Group (for smaller scale and ICT projects)

For large capital projects

The full business case will enable the Development Board to determine whether funding commitment should be recommended and contracts awarded or whether the project should be held back in favour of another project that better achieves the organisation’s key priorities. Development Board will make recommendations to the Corporate Management Team (CMT) regarding the projects to be included in the Capital Programme.

For smaller scale and ICT projects

The full business case will enable the Operational Delivery Group to determine whether funding commitment should be recommended and contracts awarded or whether the project should be held back in favour of another project that better achieves the organisation’s key priorities.

Funding

The Council has a defined process for agreeing the budget for the next financial year.

Projects pipeline

This stage is a holding position and relates to projects whose full business case has been approved but is awaiting confirmation of the funding being included in the Council's capital budget. A number of business cases may be received, and approved for progression, throughout the year. These business cases will form a pipeline of potential projects. These approved business cases will be evaluated against a set of criteria which will prioritise them and enable Development Board and CMT to indicate which business cases to take forward, and therefore, what budget to request from Council.

Project delivery and progress monitoring

Once approved, projects are delivered against their full business case. Periodic update reports enable the Development Board, Operational Delivery Group and Corporate Management Team to monitor costs, current status, risks, and issues relating to delivery.

How projects are monitored

Project updates

The Council uses Smartsheet to:

- request project updates from project managers
- update project spend against projects

Update requests are issued by email on 6th of each month with the update provided within 5 working days. The information is then reviewed as follows:

- Directors and Heads of Service review progress for all schemes to enable the effective management of the capital programme;
- Directors view confirmed values regarding forecast outturn and variation (including slippage) against latest budgets including reasons for variations
- Head of Finance uses progress information and commentary to present internal monthly monitoring reports and feed into quarterly monitoring reports to Cabinet;
- Climate Change is high on the Council's priorities and so relevant information needs to be captured on this
- Directors review, on a monthly basis, a list of schemes where an update has not been provided.

Project reporting

The Council uses PowerBI to compile reports on progress.

Monitoring individual projects

There are supporting tools which are not mandatory within the Project Management methodology, however project managers may find them useful to support delivery of their project:

    - Project highlight report
    - Project workbook
- Client projects checklist
- Pre-construction checklist

<u>Viewing project financial information</u>

Project managers are able to view current financial information regarding their projects using the Agresso reporting tool.

<u>Project closure and lessons learned</u>

On completion, the project will be reviewed to assess what went well, what could have been done differently, what were the challenges and to capture key learning. All projects will need to consider

- communication,
- stakeholders,
- planning,
- risk,
- issue management,
- governance

Each project is unique but individual aspects will be common across them all, and the success or failure of a project may be assisted by learning from the good practices or issues faced by previous or similar projects.

Project closure report

A Closure report template, supported and approved by the relevant Head of Service needs to be produced when a project ends. This needs to be sent to the PMO along with supporting reports and documentation.

Lessons learned

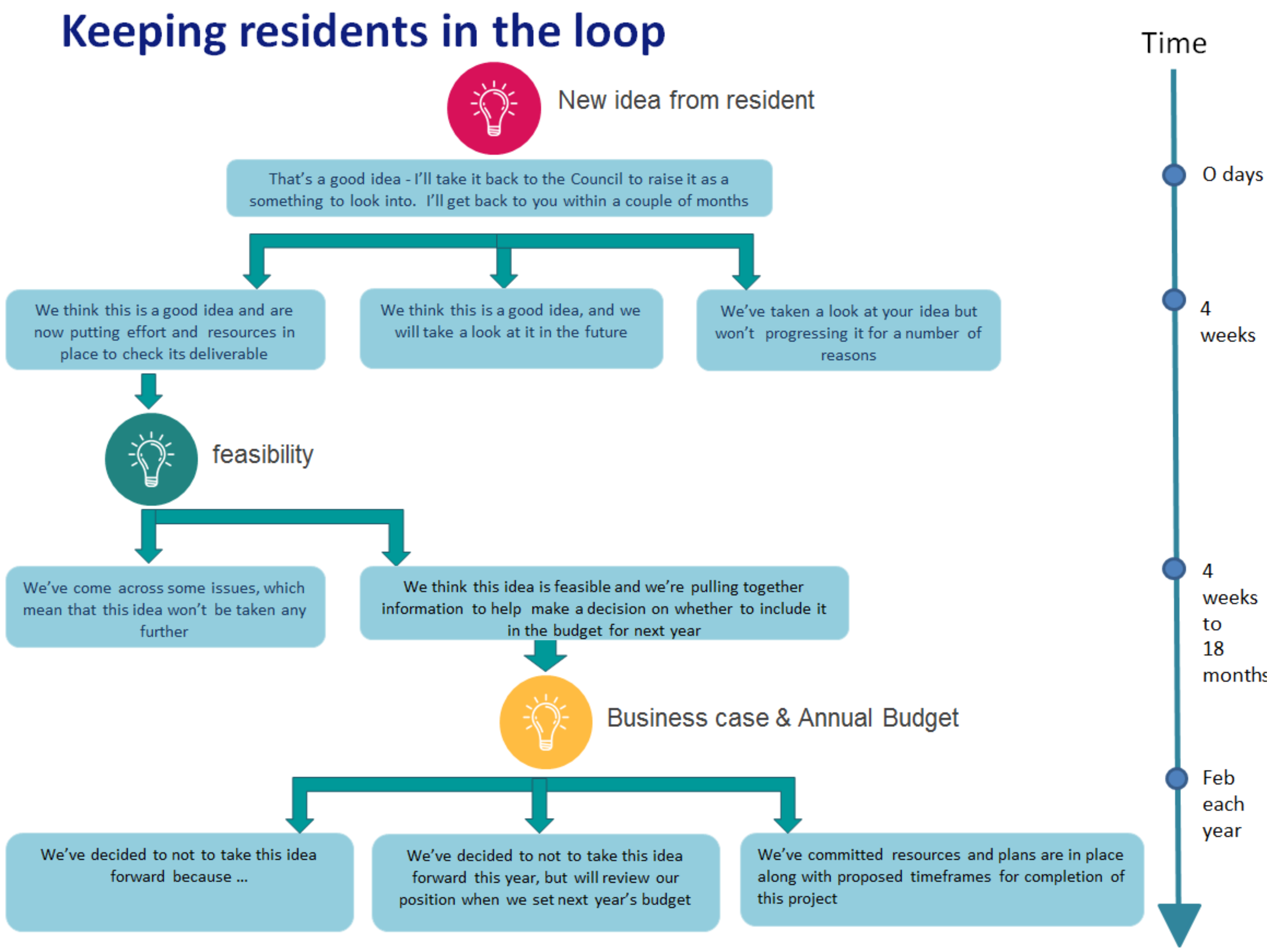
The importance of reviewing the lessons learned log is to help to:

- Avoid mistakes and issues that occurred in previous, similar projects
- Repeat the actions, processes and practices that worked well in other previous, similar projects

A Lessons learned checklist is available to assist in collecting lessons learned. It offers a variety of questions that may be asked to determine which elements of the project should be avoided in the future, and which aspects.

Appendix 2

Customer Involvement in Capital Schemes and Major Projects



Appendix 3

Budget Prioritisation - Scoring Guidance for Capital Bids

Budget Prioritisation – Scoring Guidance for Capital Bids

Criteria	Scoring Method	
Contribution to Corporate Priorities including ICT related priorities	Score each one out of 10 based on the contribution made to each of the Council's corporate objectives, where:	
	10 =	Very High (Major contribution to 2 or more key outcomes
	8 =	Medium to High (Major contribution to 1 key outcome)
	6 =	Medium (Some contribution to 2 or more key outcomes
	4 =	Low to Medium (Some contribution to 1 key outcome
	2 =	Low (Indirectly supports at least 1 key outcome
	0 =	None (No contribution to key outcomes)
Maintenance existing infrastructure in terms of security and functionality	10	Essential to councils core business - council cant function without it
	5	Loss of efficiences/revenue or increased costs
	0	Doesn't effect existing infrastructure of council
Statutory / Non-Statutory/ Health and Safety	This score adds a weighting to services/bids which have a statutory element:	
	• 10 Points – Project has a statutory requirement	
	• 5 Points– Services that are based on statutory/health and safety duties but where there is some degree of discretion about how the function is carried out	
	• 0 Points – Services where the Council can exercise complete discretion	
Small Scheme Weighting	This score adds weighting to lower value bids:	
	• 4 Points – for schemes under £50,000	
	• 2 Points – for schemes between £50,000 - £99,000	
	• 0 Points – for schemes in excess of £100,000	
Funding Available	This score adds a weighting for schemes that have earmarked funding available and/or have an ability to attract external funding e.g. grant aid or generate capital receipts:	
	• 10 Points -100% external funding is available	
	• 4 Points – 51% - 99% external funding is available	
	• 2 Points – Up to 50% external funding is available	
	• 0 Points – No funding has been identified	
Revenue Implications	This score assesses the Capital Bids in regard to whether there are any resulting revenue implications:	
	• 10 Points – Income is generated or revenue savings achieved	
	• 4 Points – There are no additional revenue implications	
	• 2 Points – There are revenue costs but funding is already in place	
	• 0 Points – There are revenue costs with no funding identified	
Risk Factor	This score adds a weighting to Capital Bids based on a risk assessment of not undertaking the capital scheme:	
	10 =	Very High Risk (Complete loss of statutory service)
	8 =	High Risk (Partial loss of statutory service, complete loss of discretionary service)
	6 =	Medium Risk (Partial loss of discretionary service, worsening statutory service)
	4 =	Low Risk (Deterioration in services, more complaints)
	2 =	Very Low Risk (No improvement in customer satisfaction levels)
	0 =	No Risk (No discernible impact forseen, low levels of complaint continue)
Priority Level	This is the total score across all criteria	

Appendix 4

Investment Properties

Nature of asset	Gross Book Value	2019/20 rent	Rent as % of Capital Value	2019/20 rent at risk	Headline Risk of Void (%)
	£	£	%	£	%
Cultural (hall / cinema / theatre)	3,462,500.00	250,000.00	7.22%	36,250.00	14.50%
Farm /Agricultural & Grazing Land	2,076,500.00	18,978.00	0.91%	806.99	4.25%
Hotels & Hostels	7,812,929.59	414,900.00	5.31%	45,003.20	10.85%
Housing Estate Shops	5,899,950.00	664,595.12	11.26%	127,734.32	19.22%
Land	17,468,505.00	998,564.68	5.72%	32,487.83	3.25%
Market Stalls	9,021,577.56	1,307,254.29	14.49%	277,845.08	21.25%
Offices	13,664,500.00	839,750.00	6.15%	223,557.60	26.62%
Public House	2,160,000.00	156,225.00	7.23%	15,834.80	10.14%
Residential Properties	4,180,980.60	191,820.00	4.59%	74,988.25	39.09%
Restaurants	21,891,266.77	1,457,550.00	6.66%	400,581.88	27.48%
Retail Units	39,399,451.54	2,589,420.00	6.57%	883,469.58	34.12%
Warehouse / Workshop	862,553.43	86,000.00	9.97%	8,055.00	9.37%
Totals	**127,900,714.49**	**8,975,057.09**	**7.02%**	**2,126,614.52**	**23.69%**

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To:	**Council**
Date:	**13 February 2020**
Report of:	**Returning Officer**
Title of Report:	**Review of Polling Districts and Polling Places**

Summary and recommendations	
Purpose of report:	To ask Council to approve the schedule of polling districts and polling places (shown at Appendix A) for the administrative area of the City Council as required by the Electoral Administration Act 2006
Key decision:	No
Executive Board Member:	Councillor Susan Brown, Leader of the Council
Corporate Priority:	None
Policy Framework:	None
Recommendations: That the Council:	
1	**Approves** the schedule of polling districts and polling places (shown at Appendix 1of the report) for the administrative area of the City Council.;
2	Delegates to the Returning Officer the power to make changes to polling places and polling stations in emergency situations.
3	Requests the Returning Officer to investigate the suggested alternative polling places and report back to Council as necessary following the May 2020 elections;

Appendices
Appendix 1 – schedule of polling districts and polling places;
Appendix 2 – notes of the Member Working Group meeting held on Friday 24 January 2020;
Appendix 3 – map of the suggested scheme;

Introduction

1. The Council is required under the Electoral Administration Act 2006 to carry out a review of the polling places in Oxford used at parliamentary elections every five years. The Act lays out the scope and timetable of the review and suggests who might be consulted and how.
2. The last such review was carried out in 2014. Reviews are required every five years.

What the Council needs to do

3. The timing of the parliamentary election in December 2019 meant that the register was published early (on 4 November, rather than the usual 1December) and meant that the review was not possible to be completed for implementation on 1December. It is planned that the register will be republished on the new ward boundaries and polling district structure on 1 March 2020.
4. This review is necessarily more in depth due to the need to ensure the polling district structure reflects the new wards boundaries due for implementation in May 2020.
5. In drawing up a scheme officers have tried to use the same buildings where possible so that fewest number of people have to move to a different location. However, this is inevitable for some.
6. Interested parties were invited to give comments. These included local disability groups, City and County councillors, and local MPs. The general public was also invited to comment. The Acting Returning Officer for Oxford West and Abingdon constituency (currently Margaret Reed at South Oxfordshire and Vale of White Horse District Councils) was also consulted on those polling stations in Oxford that form part of the Oxford West and Abingdon constituency.
7. The Act requires that the Council looks at all aspects of the polling places, location, access and general appropriateness.

Replies to the consultation

8. Four replies were received to the consultation covering these matters:
    - from a resident in Barton saying that the Leisure Centre was not an appropriate location (because the room was on the first floor and required use of a lift);
    - possible use of the White Hart pub instead of the Baptist Church Hall in Wolvercote;
    - not to use Florence Park Community Centre but go to Cowley St James School;

Use of Schools

9. The City Council only uses schools for polling stations where absolutely necessary. The Council has reduced its use of schools from 13 a decade ago to three currently; which are Pegasus Primary School on Field Avenue; St Francis Primary School nursery building on Horspath Road; and Sandhills Primary School Pre school on Terrets Avenue. At present there are no convenient and suitable alternatives to

these three schools and the schools remain open while being used as polling stations.

Member Working Group Recommendations

10. A cross-party working group was convened. It was made up of Councillors Curran, Simm and Tanner (Labour group), Altaf Khan (Liberal Democrat group and Simmons (Green group).

11. On 24 January 2020 the Group considered a draft scheme drawn up by officers. The notes of that meeting are attached at Appendix 2.

    In view of the tight timescales caused by the general election several possible alternative locations have been suggested but will not be able to be inspected before Council needs to have approved a scheme. These will be investigated by officers and a report will be made back to Council as necessary following the City Council and Police and Crime Commissioner elections in May 2020.

12. The Electoral Services Manager has made the changes suggested by the Working Group and the revised scheme is shown in Appendix 1. A map of the proposals is attached as Appendix 3.

    An A0 copy will be placed in the Members' Room and will be on display in the Assembly Room at the Council meeting.

13. Once agreed by Council the schedule of polling places cannot be altered without a subsequent resolution of Council. This can cause operational difficulties in the lead up to elections when polling stations can become unavailable for various unforeseen reasons (e.g. flooding/vandalism) and an alternative is needed. This would necessitate an extraordinary meeting of Council to approve any change.

14. Following the first review under this legislation in 2007 Council gave a delegated power to the Returning Officer to change polling places in emergency situations. It is proposed that this delegation continues to cover such changes to polling places and stations.

Risks

15. There are no discernible additional risks associated with the proposals set out in this report. Risk assessments, including assessments of polling places, are carried out for each election.

Equalities impact

16. The Electoral Services Manager has had due regard to equality considerations and considered whether there would be an impact, either negative or positive, as a result of these proposals. The Electoral Services Manager has concluded that there would be no significant impact on any group which can readily be mitigated by selecting another polling place. If required special arrangements can be put in place for specific polling places.

Financial Implications

17. There is a modest cost associated with running a polling place. At national elections the cost is reimbursed to the council. Cost, however, should not be a consideration in determining how many polling places to designate.

Legal Implications

18. Section 17 of the Electoral Registration and Administration Act 2013 requires the council to complete its five-yearly review of polling districts and polling places by 31 January 2020. Decisions taken in respect of this report will fulfil that requirement in respect of the new ward boundaries.
19. Section 18 of the Representation of the People Act 1983 requires the Council to have in place a schedule of polling districts and polling places designated within each such district. The schedule in Appendix A to the report fulfils this duty.

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Background Papers: None

Polling District Review Working Group

Notes of the meeting held on 24 January 2020 at the Town Hall

Present: Councillors Mohammed Altaf – Khan, Steven Curran, Craig Simmons and John Tanner
Apologies: Councillor Christine Simm

The Working Group considered the Oxford City Council Polling Place Review 2019/20 Map showing the suggested polling districts and polling stations. The proposals took account of the new city ward boundaries, as well as the existing and proposed parliamentary constituencies, existing county division boundaries and parish council boundaries.

1. The Working Group agreed the proposals on the map, with the following amendments:

Polling District	**Polling Station(s)**	**Change**	**Reason**
BA	Young People's Club and Summertown URC	Create a new polling district by splitting BA along the Woodstock Road	BA area is a large area. Splitting the polling district would mean that electors continued to go to the same polling stations as previously
DA/DC	Oxford Centre for Mission Studies	Use alternative venue in St Hugh's College from 2021	More space
DB	St Giles' Parish Room	Use St Luke's Chapel	More space
LC	The Gladiator Club and St Alban's Hall	Use St Alban's Hall	Both venues not needed – St Alban's Hall centrally located
VA	Barton Neighbourhood Centre		New area. To be reviewed after May 2020

2. Polling places/stations to be reviewed after May 2020:

Polling District	**Reason**
NE	Investigate venues in the area e.g. catholic church, bowling club

RB & RC	Possible venue along boundary e.g. business park, St Luke's centre
RD	Investigate venues in the area
VA	Investigate polling station venues in the area e.g. pavilion, new school
VD	Alternative venue at ground floor level e.g. music faculty
XA	Review current arrangements

3. Next Stages

Street lists would be produced for the new polling stations and circulated to the Working Group members. The members would be asked to share these street lists and the map with their councillor colleagues so a sense-check of the streets/properties in each of the areas could be undertaken, before the proposals were discussed at the Council meeting.

The proposals would be submitted to Council on 13 February 2020. The revised Register with the new ward boundaries would be published on 1 March 2020.