



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>Cabinet – Wednesday 17 February 2021</b>
Report Number	<b>Agenda Item No. 8</b>
Subject	<b>Budget 2021/2022</b>
Wards affected	All
Accountable member	Councillor Toby Morris, Deputy Leader and Cabinet Member for Resources Email: <a href="mailto:toby.morris@westoxon.gov.uk">toby.morris@westoxon.gov.uk</a>
Accountable officer	Elizabeth Griffiths, Chief Finance Officer Tel: 01993 861188 Email: <a href="mailto:elizabeth.griffiths@westoxon.gov.uk">elizabeth.griffiths@westoxon.gov.uk</a>
Summary/Purpose	<p>The purpose of this report is to consider the following:</p> <ol style="list-style-type: none"><li>(1) The revenue budget proposals for 2021/22</li><li>(2) The Council's Capital Programme for 2021/22 to 2030/31</li><li>(3) The level of Council Tax for 2021/22</li></ol> <p>This report also fulfils the requirements of the Local Government Act 2003 relating to the Council's Treasury Management function and implementation of the Prudential Code Capital Finance System arrangements. Cabinet will recommend the Council's Medium Term Financial Strategy, Capital Programme, Capital Strategy, Investment Strategy and Treasury Management Strategy to Council for approval.</p> <p>The report also includes the Chief Finance Officer's report on the robustness of estimates and the adequacy of the Council's reserves.</p>
Annexes	<p><a href="#">Annex A</a> – Medium Term Financial Strategy</p> <p><a href="#">Annex B</a> – Summary of General Fund Revenue Budgets 2020/21</p> <p><a href="#">Annex C</a> – Forecast Collection Fund Surplus 2020/21</p> <p><a href="#">Annex D</a> – Capital Programme for 2021/22 to 2030/31</p> <p><a href="#">Annex E</a> – Fees and Charges 2021/22</p> <p><a href="#">Annex F</a> – Council Pay Policy Statement</p> <p><a href="#">Annex G</a> – Capital Strategy 2021/22</p> <p><a href="#">Annex H</a> – Investment Strategy 2021/22</p> <p><a href="#">Annex I</a> – Treasury Management Strategy 2021/22</p> <p><a href="#">Annex J</a> – Feedback from the budget consultation</p> <p><a href="#">Annex K</a> – Report of the Chief Finance Officer</p> <p><a href="#">Annex L</a> – Estimate of Business Rates 2021/22 (extracts from NNDRI return)</p> <p><a href="#">Annex M</a> – Parish Precepts and Taxbase 2021/22</p> <p><a href="#">Annex N</a> – Summary of Prudential Indicators</p>

Recommendations	<p>a) Cabinet recommends the following to Council for approval:</p> <ul style="list-style-type: none"> <li>(i) The updated Medium Term Financial Strategy in Annex A</li> <li>(ii) General Fund revenue budgets as summarised in Annex A</li> <li>(iii) The Capital Programme for 2021/22 to 2030/31 as set out in Annex D</li> <li>(iv) Fees and Charges for 2021/22 as set out in Annex E</li> <li>(v) The Council's Pay Policy Statement as set out in Annex F</li> <li>(vi) The Council's Capital Strategy 2021/22 as set out in Annex G</li> <li>(vii) The Council's Investment Management Strategy 2021/22 as set out in Annex H</li> <li>(viii) The Council's Treasury Management Strategy 2021/22 as set out in Annex I</li> <li>(ix) The Prudential Indicators as set out in Annex N</li> <li>(x) The level of District Council Tax for 2021/22 for a Band D property of £109.38</li> </ul> <p>b) That the estimate of Business Rates income for 2021/22, as set out in the excerpt from the government return NNDRI, in Annex L, and the Parish Precepts and Tax Levels set out in Annex M be noted.</p>
Corporate priorities	The budget supports the priority themes set out in the Council Plan which was approved by Council in January 2020
Key Decision	No
Exempt	No
Consultees/ Consultation	<p>Consultation has taken place with management from Publica and Ubico to inform the draft budgets.</p> <p>The Council Overview and Scrutiny Committees have considered the draft budget proposals.</p> <p>Consultation with residents, businesses and Town and Parish Councils was carried out during January and their feedback is included for consideration in Annex J.</p>

## I. BACKGROUND AND MAIN POINTS

- 1.1. The draft base budget for 2021/22 was considered by Cabinet on 13 January and by Council on 20 January.
- 1.2. This report updates Cabinet on the proposed changes to any expenditure budgets and funding streams. It also includes details of feedback from consultation on the Council's budget proposals and draws together the Council's suite of strategic financial documents for 2021/22 including the Capital Strategy, the Investment Strategy and the Treasury Management Strategy.

## 2. MAIN POINTS

### Changes to budget

- 2.1. The revenue budgets remain virtually unchanged from the previous iteration of the budget. The amendments are all adjustments to existing budgets and are detailed in the table below.
- 2.2. The key alteration in the updated budget is the inclusion of the investment strategy approved by Council in November 2020 and the revised expectation of our long term borrowing requirement based on a longer term cashflow projection finalised after the completion of the previous draft. These items have had a material effect on the budget for 2021/22 but their main impact is felt in the longer term picture presented in the MTFS.
- 2.3. The changes to revenue budget and the adjustments to funding are shown in the table below:

	£
<b>Budget shortfall as presented to Cabinet / Council in January</b>	<b>50,034</b>

### Cost of Services Changes

Growth Board - Oxford to Cambridge Arc	8,000
Planning Software Licences (CDP / CIL)	11,550
Cyber Login / Remote Access & Virtual Conference Software	25,500
Telecommunications (net of rechargeable costs)	3,000

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**48,050**

### Financing

Minimum Revenue Provision	(146,599)
Investment Income	(10,878)
Interest on Long Term Borrowing	177,878
Retained Business Rates (NNDR)	(582,763)
Collection Fund Surplus	(50,110)
Transfer to Earmarked Reserves	514,388

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**(98,084)**

### 2021/22 Budget for Approval

**0**

- 2.4. The General Fund Revenue Budgets are summarised in [Annex B](#) (page 10). The Revenue budget and MTFS show a balanced budget for 2021/22 with no expectation of a contribution to the General Fund balance. The schedule of fees and charges supporting the income in this

budget remains unchanged and is included in [Annex E](#) (page 15). These documents are recommended to Council for approval.

- 2.5. The Capital Finance Requirement (CFR) calculation showed that, owing to delays in projected capital spend, we had previously over provided our Minimum Revenue Provision (MRP) and so were able to pay a reduced amount to this provision in 2021/22.
- 2.6. The budget includes provision for the payment of interest on long term loans we expect to enter into in 2021/22. These relate to new capital spend that is funded by borrowing, refinancing of existing capital spend that was previously funded by internal borrowing, and loans to fund the investment strategy, the first tranche of which was estimated at £15m in 2021/22 but while discussions are underway with various counterparties, no deals have yet been agreed so this figure is very much subject to change. This borrowing, and the repayment of it, is one of two key factors influencing the projection shown in the MTFS.

### **Business Rates**

- 2.7. As the calculations underpinning the NNDR I business rates return are finalised, the estimates surrounding these figures are revised. This has resulted in an increase in retained business rates of £582,763. The proposal is that the bulk of this figure (£513,388) be transferred to earmarked reserves to fund any areas of loss due to Covid in the coming financial year and indeed to help soften the impact of the significant budget shortfall in 2022/23.
- 2.8. The Collection Fund Surplus is expected to be £50k more than was previously estimated.
- 2.9. The increase in retained Business Rates is not expected to be sustainable. The business rates reset that was expected in 2021/22 has been deferred and is now included in the MTFS in 2022/23's numbers. This loss of funding has an extremely detrimental effect on our budget in the short to medium term and is discussed further under section of this report covering the MTFS.
- 2.10. The NNDR I was submitted at the end of January and a small excerpt from it is included in [Annex L](#) (page 95). A comparison of this year's and last year's key figures from it is included below:

<b>NNDR I</b>	2020/21	2021/22	Movement
Rateable Value	100,177,253	101,560,630	1,383,377
	£000	£000	£000
Estimated Rates Income	39,172	40,636	1,464
WODC Share (40%)	15,669	16,254	586
Plus: S31 Grant	2,031	1,844	(187)
Less: Tariff Charge	(12,035)	(12,035)	0
Sub Total: Pre-Levy income	5,665	6,063	399
Less: Levy to Central Govt	(1,616)	(1,706)	(90)
Plus: Renewables Income	209	209	0
Collection Fund Surplus/(Deficit)	248	(6,877)	(7,125)
Transfer from reserves (S31 grant 20/21)		7,101	7,101
<b>TOTAL - Revenue Budget Business Rates</b>	<b>4,506</b>	<b>4,790</b>	<b>285</b>

- 2.11. The large shift in Collection Fund is caused by the large scale business rates reliefs in 2020/21. This is offset by £7m of S31 grant which is the Council's 40% share. This will be carried forward through reserves while the remaining 60% will be a creditor on the balance

sheet and will be repaid to Government through the normal schedule of payments in 2021/22.

- 2.12. The provision for business rates appeals has been calculated on the same basis as last year and has a current balance of £3.5m. While many appeals were settled in 2020/21, there is still a risk that this is either under or over stated in terms of the level of reduction these appeals will eventually be awarded.
- 2.13. In December 2013 the Secretary of State approved the Council's bid to join a business rates pool with Cherwell District Council and Oxfordshire County Council. Although this scheme has proven beneficial so far, each year the projected risks and benefits of this arrangement are reviewed. The Council has chosen not to withdraw from this business rates pool, but the budget does not include the distribution of any pooling gain as a funding source for operational costs. Any financial gain will be treated as a windfall and will help to mitigate the impact of change to local government funding from 2022/23.

### **Council Tax**

- 2.14. The Localism Act requires any "excessive" tax rises to be subject to approval at a referendum by the electorate. The Secretary of State has determined that a 2% rise or £5 (whichever is the higher) will be the limit above which a rise would be deemed excessive for 2021/22. This Council falls under the criteria to allow a £5 increase in Council Tax. All budget proposals have assumed this increase in 2021/22 and the MTFS at [Annex A](#) (page 9) assumes this increase will continue to take place every year. If the budget proposals are accepted, this will raise band D council tax to £109.38 from £104.38 in 2020/21. These increases in Council tax are hugely important to the ongoing financial stability of the Council as any decision not to take the full increase cannot be "caught up" in future years without a referendum. Before reaching a final decision on the level of Council Tax to be recommended for next year, the Cabinet is asked to consider all appropriate annexes, particularly the MTFS and the adequacy of reserves.
- 2.15. The adequacy of reserves, robustness of estimates and medium term risk in the MTFS are considered in the report of the Chief Financial Officer at [Annex K](#) (page 106). The Local Government Act 2003 required the Council's Chief Financial Officer to report on these criteria and requires the Council to have regard to this report when considering its budget and council tax.
- 2.16. A surplus is forecast for the Council Tax Collection Fund of £1,502,485 of which £149,810 is allocated to this Council with the balance going to the County Council and Thames Valley Police. Details of this can be found in [Annex C](#) (page 12).
- 2.17. The schedule of precepts and tax level proposals from town and parish councils has been included as Annex M. Only two councils have not yet responded due to the dates of their meetings. Witney Town Council's figure is material but has been included at the figure they will propose at their meeting. The figure for Great Tew Parish is not material and has been estimated based on last year's figure.

### **Capital programme, financing and prudential indicators.**

- 2.18. The Council has, both in the past and in the future, an ambitious capital strategy. The Capital programme has been included for consideration at [Annex D](#) (page 13). In the past, many programmes which would have been funded by external borrowing have been funded by internal borrowing. This means that we have borrowed against cash we are holding for other purposes or have used working capital cash to fund these multi million pound programmes. We are now in the position of needing to refinance this internal borrowing over the next couple of years in order to maintain a cash positive position.

- 2.19. The Council's Capital Financing Requirement (CFR) is £16m but, as at the date of this report, we have no external debt. This is an indicator of the levels of internal borrowing. This depletion of internal cash means that going forward, all capital expenditure not funded by external cash paid at the time of expenditure will either need to be funded by external debt, because that was always the intention, or by external debt, because it is refinancing the pot of funds previously set aside but internally borrowed.
- 2.20. The practice of internal borrowing is not only allowed, it is good financial management if it avoids paying interest on borrowing that is higher than the rate that invested cash could earn.
- 2.21. This catch up of external debt plus the scale of the capital programme going forward means that the Council has not only had to add interest costs to its forward forecasts, the minimum revenue provision (MRP) is growing year on year which has a significant impact on the revenue budget.
- 2.22. Since most of these capital projects do not deliver any return, the Council must repay these loans out of cash generated by other activities. Since working capital has been exhausted, this will require an increasing focus on our cashflow management.
- 2.23. All of these issues are discussed in greater detail in the Capital Strategy at [Annex G](#) (page 50), the Investment Strategy at [Annex H](#) (page 58) and the Treasury Management Strategy at [Annex I](#) (page 65).
- 2.24. From 1<sup>st</sup> April 2004, the system of credit approvals for controlling local authority capital expenditure was replaced by a prudential system of self-regulation. Authorities are now able to borrow on the basis of need and affordability which they have to demonstrate through compliance with the Prudential Code as developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This code has been given statutory force by government regulation. This new system replaces the Local Government and Housing Act 1989 in terms of local authority capital finance.
- 2.25. The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable, as well as being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal. CIPFA published its new 2017 editions of Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes and the Prudential Code for Capital Finance in Local Authorities just before Christmas 2017. In response to these changes, the Council will consider a Capital Strategy, an Investment Strategy and the Treasury Management Strategy for 2021/22.
- 2.26. There are a number of indicators that provide data about the Council's overall capital expenditure, affordability, prudence, external debt and treasury management. The indicators from the three strategy papers are summarised in [Annex N](#) (page 101) and must be approved by the Council when setting its budget for the forthcoming year. The MTFS incorporates all the plans included in this capital programme in its calculation of MRP and interest payments. What is less evident is that the scale of the debt involved will mean that the Council will be repaying the external borrowing for a considerable number of years beyond the span of the MTFS. This is not a concern where a long term investment is generating income that covers its cost of capital and makes a contribution to the revenue budget. This is however a concern where the spend has been service based and no additional income or cash is being generated.
- 2.27. The Council has approved a large scale investment strategy framework which would see the Council invest £74m over the next few years in order to further the Council's priorities and to generate additional revenue to help close the budget gap and reduce the reliance on general reserves. While the criteria for evaluating projects have been agreed and some initial possibilities identified, no projects have yet been agreed. This is a major area of risk in the

MTFS as the income from this strategy is pivotal in extending the life of the Council's reserves and closing the gap left by the drop in funding.

- 2.28. With reference to the drop in funding, the hope is that some other form of Government funding will be introduced to replace the income lost due to the rates reset and the removal of the New Homes Bonus. This has been factored into the MTFS and shown on the separate line but it should be noted that this is beyond the Council's control and therefore cannot be relied on. As more information is known about future Government funding, the MTFS will be reforecast to assess the impact.
- 2.29. The risks and uncertainties around the forecast are discussed in more detail in the report of the CFO in [Annex K](#) (page 106).

### **Budget consultation**

- 2.30. An online budget consultation was run in January and received 211 responses. The survey asked questions not only about key areas in the proposed 2021/22 budget, but with an eye to the forecast funding gap from 2022/23 and the potential need to make more significant changes to the budget, it asked residents and businesses to give their views on possible savings or new ways to generate additional income.
- 2.31. When asked to rank the Council priorities in order of importance, the economy scored highest with healthy towns and villages and climate action coming a close second and third. This was echoed in another response where supporting businesses and community organisations were considered the most important areas as the district recovers from the impact of the Covid pandemic.
- 2.32. When asked about the proposed £5 increase on Council tax, 60% agreed with it, 26% strongly agreeing. 30% were against it with 10% undecided.
- 2.33. Consulted about the proposed £5 increase in Garden Waste charges, 56% were in favour of it with 32% against.
- 2.34. When asked if we should maintain our payment of £200K of grants to the voluntary sector, 48% agreed but a large proportion, 31%, were undecided.
- 2.35. The budget proposes, in line with other councils, to discontinue the Parish Council support scheme. 28% agreed, 35% disagreed with 37% undecided.
- 2.36. When presented with options for the Council to concentrate any available funds on, perhaps unsurprisingly in the current circumstances, outdoor spaces, housing and green infrastructure scored highly.
- 2.37. Looking to the future we asked respondents if we should close the budget gap by reducing services (15%), increasing Council Tax and fees (29%) with the majority indicating a combination of the two would be most acceptable (56%).
- 2.38. If we had to cut expenditure, tourism was the frontrunner with leisure services and planning the next favourite options. Waste services stood out as something that respondents thought was important and the least acceptable area to cut.
- 2.39. When asked where we should try to raise more income from the most acceptable option was the Council's investment programme designed to generate new income streams. There was support for increasing existing fees and charges but less for raising Council Tax and even less for introducing new charges for car parking or other currently free services.
- 2.40. The comments section was informative. Some were very specific, some related to services like highways which fall under the County and not the District but two general themes emerged: people felt strongly that we should not introduce fees for parking and several respondents called for efficiency cuts within the Council ahead of any action that would impact residents costs or services. No plans to introduce car parking charges have been

made in the current budget, so this will form part of the discussion for next year's forecast, when we hopefully have more indication of future Government funding plans. With regard to efficiencies within the Council, we have already cut Publica's budget by hundreds of thousands of pounds several years in a row and are coming to the end of the transformation programme that set out to achieve those efficiencies. The overhead budget this year was also trimmed by over £300K in conjunction with Publica business managers. All of these savings have improved our position and meant that this year we have not had to make the cuts to services that some other Councils have. We are working with Comms to ensure that we deliver that message to the residents in the District and reassure them that we did make all the internal savings we could before we looked to them for additional support.

- 2.41. The survey questions and results in their entirety are set out in [Annex J](#) (page 81).
- 2.42. Sections 38 to 43 of the Localism Act 2011 relate to "Pay Accountability". Under the provisions of those sections, the Council is required to adopt a Pay Policy Statement for the following financial year by no later than 31<sup>st</sup> March every year. The revised statement for 2021/22 is attached at [Annex F](#) (page 44).

### **3. FINANCIAL IMPLICATIONS**

- 3.1. The recommendations of the Cabinet regarding the Council's budget and Council Tax for 2021/22 will be incorporated within the formal resolution for Council. This will also incorporate budget requirements / council taxes for Town and Parish Councils, the County Council and the Thames Valley Police and Crime Commissioner.

### **4. RISK ASSESSMENT**

- 4.1. A risk analysis of the key areas of financial risk is also included at [Annex K](#) (page 106) to provide members with an understanding of the potential areas of volatility in the budget for next year.

### **5. CLIMATE CHANGE IMPLICATIONS**

- 5.1. While during this challenging time, no new revenue budget has been allocated to this Council priority, additional funding was made available to the Climate Change programme through the Covid Recovery workstream project approved by Council earlier this year. All unspent earmarked reserves relating to this have been preserved for future use and the review of potential investments and sourcing of additional grant funding for this area has been taken on as the first high priority task by the newly appointed Head of Bids.

Medium Term Financial Strategy Updated (February 2021)

Annex A

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Assumptions											
<b>Inflation</b>	2.5%		2%	2%	2%	2%	2%	2%	2%	2%	2%
Taxbase	1.015	1.015	1.010	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
External Support	1.018	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Interest Rates - Cash Deposits	1.000	0.02	0.02	0.02	0.02	0.50	0.50	0.50	0.50	0.50	0.50
Interest Rates - Pooled Funds	3.500	3.20	3.20	3.20	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Tax Increase	1.020	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
<b>Base</b>	<b>11,647,280</b>	<b>16,009,721</b>	<b>13,518,681</b>	<b>12,909,393</b>	<b>12,589,148</b>	<b>12,680,354</b>	<b>12,181,762</b>	<b>12,384,554</b>	<b>12,673,932</b>	<b>13,014,819</b>	<b>12,936,347</b>
Inflation	470,746	0	270,374	258,188	251,783	253,607	243,635	247,691	253,479	260,296	258,727
Inflation - Ubico & Publica		(23,905)									
Inflation - Retained Staff		13,490									
Ubico - Impact of Capital Investment			171,037	(32,619)	40,188	559,264	(66,428)	(100,109)	(68,224)	(221,404)	(32,850)
Savings Target (Publica)	(164,000)	(192,590)									
Savings Target (Ubico)	(198,075)										
Revenue Improvement Target - Leisure Contract	(275,000)		0	0	0	0	0	0	0	0	0
MRP	269,070	(146,599)	626,985	394,590	1,194,599	834,846	25,570	52,294	189,735	(74,737)	(26,857)
Interest on External Borrowing		177,878	167,377	241,926	313,366	114,052	15	89,502	(34,103)	(42,628)	(20,113)
Unavoidable Growth - see tab for detail	291,000	0	(30,000)								
Budget Rebasing Exercise		(89,853)									
One-Off Growth - reversal of prior year	3,968,700	(4,904,300)	40,000								
NEW One-off growth		847,160									
Covid income reduction		1,826,479	(913,240)	(913,240)							
Investment Strategy (Gross Rol)		0	(941,820)	(269,090)	(1,708,730)	(2,260,360)					
<b>Target Budget (NOE)</b>	<b>16,009,721</b>	<b>13,518,681</b>	<b>12,909,393</b>	<b>12,589,148</b>	<b>12,680,354</b>	<b>12,181,762</b>	<b>12,384,554</b>	<b>12,673,932</b>	<b>13,014,819</b>	<b>12,936,347</b>	<b>13,115,254</b>
<b>Financed by:</b>											
Revenue Support Grant	78,832	79,268	0	0	0	0	0	0	0	0	0
Business Rates Share	4,297,185	4,581,000									
Baseline Funding Level post 2021	0	(0)	2,391,555	2,439,386	2,488,174	2,537,937	2,588,696	2,640,470	2,693,279	2,747,145	2,802,088
Renewables	209,056	209,000	213,180	217,444	221,792	226,228	230,753	235,368	240,075	244,877	249,774
less CTS Grant to Parishes	(66,005)	0	0	0	0	0	0	0	0	0	0
New Homes Bonus to Revenue	2,068,690	2,284,075	485,716	0	0	0	0	0	0	0	0
Potential Government replacement funding			1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Rural grant	126,956	133,225	0	0	0	0	0	0	0	0	0
Lower Tier Grant	0	91,395	0	0	0	0	0	0	0	0	0
Investment Income	680,000	791,664	787,350	780,573	818,948	815,456	798,465	788,370	777,350	767,740	750,285
Use of earmarked reserves	3,915,398	286,118	0	0	0	0	0	0	0	0	0
Collection Fund	78,513	149,810	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Pension Fund Adjustment											
Council Tax	4,622,491	4,913,126	5,189,093	5,497,168	5,813,317	6,137,714	6,470,535	6,811,960	7,162,171	7,521,356	7,889,705
<b>Use of GF reserves</b>	<b>(1,395)</b>	<b>(0)</b>	<b>2,792,499</b>	<b>2,104,578</b>	<b>1,788,123</b>	<b>914,427</b>	<b>746,105</b>	<b>647,764</b>	<b>591,944</b>	<b>105,229</b>	<b>(126,598)</b>
TaxBase	44,285	44,918	45,367	46,048	46,738	47,439	48,151	48,873	49,606	50,350	51,106
Band D	104.38	109.38	114.38	119.38	124.38	129.38	134.38	139.38	144.38	149.38	154.38
<b>Tax increase</b>	<b>5.03%</b>	<b>4.79%</b>	<b>4.57%</b>	<b>4.37%</b>	<b>4.19%</b>	<b>4.02%</b>	<b>3.86%</b>	<b>3.72%</b>	<b>3.59%</b>	<b>3.46%</b>	<b>3.35%</b>
<b>General fund balance</b>	<b>13,689,172</b>	<b>13,689,172</b>	<b>10,896,673</b>	<b>8,792,095</b>	<b>7,003,973</b>	<b>6,089,546</b>	<b>5,343,442</b>	<b>4,695,677</b>	<b>4,103,734</b>	<b>3,998,504</b>	<b>4,125,102</b>

## 2021/22 Proposed Revenue Budget comparison to prior year

## Annex B

2019/2020 Actual £	Expenditure by Service Area	2020/2021 Budget £	2021/2022 Estimate £
(2,598,626)	Assets	(2,359,260)	(2,156,935)
6,140,552	Commissioning Strategy	6,254,716	6,332,921
143,581	Communications & Marketing	142,000	128,336
640,726	Contracts	(262,925)	1,241,965
1,043,884	Corporate Finance	5,324,100	1,654,530
1,340,017	Corporate Responsibility	1,340,420	1,274,132
1,090,788	Customer Experience	962,650	997,807
673,750	Development Management	375,800	437,213
117,830	Environmental & Regulatory Services	106,200	106,541
794,342	Finance	665,100	710,724
660,352	Insight & Intelligence	455,700	436,441
813,630	Localities	732,920	599,422
615,840	Operational Services	1,165,900	1,062,241
325,918	People	292,200	279,137
1,110,017	Technology	1,052,800	1,064,477
<b>12,912,601</b>	<b>Total Cost of Services</b>	<b>16,248,321</b>	<b>14,168,952</b>
<b>2019/2020 Actual £</b>	<b>Expenditure by Type</b>	<b>2020/2021 Budget £</b>	<b>2021/2022 Estimate £</b>
2,489,632	Employees	4,983,980	1,090,188
1,432,027	Premises Related Expenditure	1,270,250	1,201,715
38,904	Transport Related Expenditure	34,400	22,900
5,493,046	Supplies & Services	4,344,360	4,299,085
17,059,157	Third Party Payments	17,727,505	17,658,208
16,587,534	Transfer Payments	17,983,923	16,827,407
3,843,208	Capital Charges	1,325,500	1,769,650
<b>46,943,508</b>	<b>Total Cost</b>	<b>47,669,918</b>	<b>42,869,153</b>
(34,030,907)	Income	(31,421,597)	(28,700,201)
<b>12,912,601</b>	<b>Total Cost of Services</b>	<b>16,248,321</b>	<b>14,168,952</b>

## 2021/22 Proposed Revenue Budget comparison to prior year

## Annex B

	2020/2021 Budget £	2021/2022 Estimate £
<b>Total Cost of Services</b>	<b>16,248,321</b>	<b>14,168,952</b>
Capital Expenditure funded through revenue	540,100	540,100
Minimum Revenue Provision	544,300	397,701
Temporary loans interest	2,500	3,700
Interest on Long Term Borrowing	0	177,878
Capital charges - depreciation and amortisation reversals	(1,325,500)	(1,769,650)
<b>Net Operating Expenditure</b>	<b>16,009,721</b>	<b>13,518,681</b>
Treasury and Investment Income	(680,000)	(791,478)
<b>Net Expenditure</b>	<b>15,329,721</b>	<b>12,727,203</b>
<u>Contributions to / (from):</u>		
General Fund Balance	1,395	0
Net contribution to / (from) Earmarked Reserves	(3,915,398)	(286,304)
<b>Balance to be met from Government Grants &amp; Council Tax</b>	<b>11,415,718</b>	<b>12,440,899</b>
Transfers to / (from) Collection Fund	(78,513)	(149,810)
Revenue Support Grant	(78,832)	(79,268)
New Homes Bonus	(2,068,690)	(2,284,075)
Rural Services Delivery Grant	(126,956)	(133,225)
Lower Tier Grant	0	(91,395)
Renewable Energy Schemes	(209,056)	(209,000)
Retained Business Rates (NNDR)	(4,297,185)	(4,581,000)
Business Rates Pool Distribution	0	0
Grants to Town & Parish Councils (Council Tax Support)	66,005	0
<b>Net Requirement</b>	<b>4,622,491</b>	<b>4,913,126</b>
<b>Taxbase</b>	<b>44,285.22</b>	<b>44,917.96</b>
<b>Council Tax (at Band D)</b>	<b>£104.38</b>	<b>£109.38</b>

**RE: LOCAL GOVERNMENT FINANCE ACT 1988 (AS AMENDED)  
THE LOCAL AUTHORITIES (FUNDS) (ENGLAND) REGULATIONS**

In accordance with the above Regulations, I hereby inform you that it is estimated that there will be a surplus of £1,502,485 in respect of Council Tax on the Collection Fund of this billing authority for the year ending 31<sup>st</sup> March 2021.

The proportion due to each of the major precepting authorities has been calculated as follows:

Oxfordshire County Council	£1,184,898
Thames Valley Police	£ 167,777
West Oxfordshire District Council	£ 149,810

I propose paying the surplus on the dates agreed for the payment of precepts in 2021/22.

I can also confirm that the tax base for 2021/22 is 44,917.96

**Capital Programme - 2020/21 to 2030/31**

Scheme	2020/21 Budget	2020/21 Forecast	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Developer Capital Contributions	0	414,333										
Parish Council Loans Scheme	80,000	80,000										
IT Provision - Systems & Strategy	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
In-cab technology	140,000	0	140,000			40,000						
Deployment of High Speed Broadband	2,059,651	829,285	1,230,366									
Council Buildings Maintenance Programme	125,000	125,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
IT Equipment - PCs, Copiers etc	61,000	61,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
CCTV upgrading	100,000	0	200,000	100,000								
Improvement Grants/Disabled Facilities Grants	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800
Shop Mobility - Replacement stock	10,000	10,000				10,000					10,000	
Loan to Cottsway Housing Association	7,994,169	5,914,401										
Replacement dog and litter bins	65,000	65,000	25,000	25,000	25,000	25,000	25,000	12,000	12,000	12,000	12,000	12,000
Weighbridge at Bulking Station	25,000	25,000				25,000					25,000	
Replacement Street Sweepers	200,000	200,000	200,000					200,000	200,000	200,000	200,000	200,000
Ubico Fleet - Replace Vehicle Hire Costs	1,080,000	0	1,080,000			1,080,000						
Vehicle & Plant Renewal	0	0	70,157									
Flood Prevention Works	101,570	130,873										
Cottsway - Blenheim Court Growth Deal	1,705,000	1,534,500	170,500									
Unicorn CPO purchase provision	350,000	0	700,000									
Town Centre Shop building renovation project	75,000	0	75,000									
Southhill Solar loan	2,000,000	2,000,000										
Cottsway - Lavendar Place Affordable Housing	891,000	891,000										
Affordable Housing in Witney (Heylo)	1,360,000	1,360,000										
Community Grants Fund	300,000	300,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Talisman re-roofing project	100,000	100,000										
Madley Park Playing Field project	21,939	21,939										
Chipping Norton Sport Hall Floor	50,000	50,000										
Abbeycare - Public Art	0	0										
House Purchase ( Syrian Refugees )	250,000	0										
Chipping Norton Creative Project	32,000	32,000	20,000	10,000								
Carterton Swinbrook Public Art	30,000	30,000	20,000									
Electric vehicle recharging points	550,000	0	450,000	400,000	150,000	150,000	150,000	150,000	150,000	150,000		
Raleigh Crescent Play Area (s. 106)	75,000	75,000										
Old Court House, Witney	0	1,452,750										
<b>Provision for new capital investment</b>												
New environmental services depot					3,000,000							
Replacement waste and recycling fleet					2,000,000	4,500,000						
Leisure facilities in Witney (Windrush Leisure Centre)								10,000,000				
Investment Strategy for Recovery			15,000,000	10,000,000	25,000,000	24,000,000						
	<b>20,538,129</b>	<b>16,408,881</b>	<b>20,527,823</b>	<b>11,681,800</b>	<b>31,321,800</b>	<b>30,976,800</b>	<b>1,321,800</b>	<b>1,508,800</b>	<b>11,508,800</b>	<b>1,508,800</b>	<b>1,393,800</b>	<b>1,358,800</b>

Scheme Financing	2020/21 Total budget	2020/21 Forecast	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Revenue Contributions</b>	540,100	540,100	540,100	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
<b>Earmarked Reserves:</b>												
Council Priorities Reserve (RES062)	53,000	53,000										
High Speed Broadband Reserve (RES031)	1,578,851	348,485	1,230,366									

Environment service reserve (RES055)		85,873											
IP Improvement and Incentive Reserve (RES036)	100,000	100,000											
<b>Capital Grant Unapplied:</b>													
S106 contributions to Aff. Hsg Heylo	254,875	254,875											
S106 contributions to Publica Arts & Sports proj.	137,000	137,000	40,000	10,000									
S106 contributions to others	0	414,333											
OCC Oxfordshire Growth - CGU271	1,705,000	1,534,500	170,500										
<b>External Contributions:</b>													
Environment Agency	101,570	45,000											
Broadband (50% external contribution)	480,800	480,800											
OCC Oxfordshire Growth fund for Aff. Hsg Heylo	1,105,125	1,105,125											
OCC Oxfordshire Growth	891,000	891,000											
External Funding to Madley Park Project	21,939	21,939											
OCC Better Care Grant Funding (for DFGs)	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800	606,800
Cottsway Housing (Old Court House, Witney)	0	621,750											
<b>Borrowing:</b>													
Internal Borrowing	12,001,169	8,151,401											
External Borrowing	0	831,000	16,965,157	10,425,000	30,175,000	29,820,000	175,000	362,000	10,362,000	362,000	237,000	212,000	
<b>Capital Receipts</b>	960,900	185,900	974,900	100,000		10,000						10,000	
	<b>20,538,129</b>	<b>16,408,881</b>	<b>20,527,823</b>	<b>11,681,800</b>	<b>31,321,800</b>	<b>30,976,800</b>	<b>1,321,800</b>	<b>1,508,800</b>	<b>11,508,800</b>	<b>1,508,800</b>	<b>1,393,800</b>	<b>1,358,800</b>	

# West Oxfordshire District Council

## Fees and Charges

2021/2022

## Planning Services

	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total charge £ p	VAT Status
General Administration					
Access to Information/Inspection of Background Documents					
a Charge per document (after Committee date)	0.65	0.70	-	0.70	Non Business
b Where documents are listed under a general description (after Committee date)	5.85	6.20	-	6.20	Non Business
c During 5 days prior to Committee date only					
<i>Note: Members of the public may only inspect background documents 3 days prior to Committee date or thereafter.</i>					
Administration Charge for Services Rendered	30 percent	30 percent		30 % + VAT	Standard
Minutes/Agendas					
Per Annum	186.95	196.30	39.26	235.56	Standard
Single Agenda	4.90	5.20	1.04	6.23	Standard
Parish/Town Councils Per Annum	20.40	21.40	4.28	25.68	Standard
Libraries			-	Free	-
Dyeline Prints (Any type, with due regard to copyright restrictions)					
A2 Size	7.75	8.10	1.62	9.72	Standard
A1 Size	9.75	10.20	2.04	12.25	Standard
From Paper Roll Larger than A1 Size	12.50	13.10	2.62	15.72	Standard
Photocopying - (per sheet)					
A4 size and foolscap	0.15	0.20	0.04	0.24	Standard
A3 size	0.15	0.20	0.04	0.24	Standard
A4 & A3 Colour Copies	0.30	0.30	0.06	0.36	Standard
Local Plan	20.00	21.00	-	21.00	Zero-rated

## Planning Services

	2020/2021	2021/2022		2021/2022	
	Basic Charge	Basic Charge	VAT	Total Charge	VAT Status
	£ p	£ p	£ p	£ p	
Planning Applications – Maps					
Up to 6 maps (one charge for the set):					
1:500 scale*	4.00	4.20	-	4.20	Zero rated
plus admin fee #	10.65	11.20	2.24	13.44	Standard
1:1250 scale*	14.15	14.90	-	14.90	Zero rated
plus admin fee #	10.35	10.90	2.18	13.08	Standard
1:2500 scale*	58.65	61.60	-	61.60	Zero rated
plus admin fee #	10.65	11.20	2.24	13.44	Standard
*All maps are provided by the National maps Centre and are subject to change if the O.S. increase their fees					
# Only one admin fee is charged regardless of the number of maps purchased.					
Planning Applications - Weekly Press Lists	178.65	187.60	37.52	225.12	Standard
Planning Decision Notices					
Notice requested	10.65	11.20	2.24	13.44	Standard
Section 52 Agreement					
Per copy of Agreement	19.50	20.50	4.10	24.60	Standard
Section 106 Agreements					
Per copy of Agreement	17.20	18.10	3.62	21.72	Standard
Compilation of Agreement. Minimum charge increased at Officer's discretion					
Tree Preservation Orders					
Per copy of order	16.70	17.50	3.50	21.00	Standard
Valuation Fee	At Cost		-	At Cost	Standard

Planning application fees are set by central government. Use this link to CLG planning portal.

[http://ecab.planningportal.co.uk/uploads/english\\_application\\_fees.pdf](http://ecab.planningportal.co.uk/uploads/english_application_fees.pdf)

## Planning Services

	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
<b>Local Search Fees</b>					
Con29 only	144.20	144.20	25.02	150.14	Standard
Each additional enquiry (own questions)	20.45	20.45	4.09	24.54	Standard
Each extra parcel of land (no VAT applied of LLC1 only)	21.85	21.85	4.37	26.22	Standard
Each optional standard question, except question 4, 5 and 22	17.00	17.00	3.40	20.40	Standard
Each optional standard question 4	22.75	22.75	4.55	27.30	Standard
Each optional standard question 5	20.45	20.45	4.09	24.54	Standard
LLC1 search only	13.60	13.60	-	13.60	Non Business

**Local Search fees became subject to VAT from 1/1/17.**

## Planning Services

### Pre Application Planning Advice

Service	Written Advice	Meeting & Written Advice
1-2 dwellings less than 0.5ha (outline) less than 500m <sup>2</sup> floorspace Change of use	£174 + VAT	£349 + VAT Meeting up to 1 hour Each additional meeting £174 per hour
3-14 dwellings 0.5-0.99ha (outline) 500-999m <sup>2</sup> floorspace	£349 + VAT	£698 + VAT Meeting up to 1 hour Each additional meeting £174 per hour
15-100 dwellings 1-3.0 ha (outline) 1000-2999m <sup>2</sup> floorspace	£698 + VAT	£1395 + VAT Meeting(s) up to 2 hours Each additional meeting £174 per hour
More than 100 dwellings or 3.0ha (outline) or 3000m <sup>2</sup> floorspace	£1,395 + VAT	£2793 + VAT Meeting(s) up to 3 hours Each additional meeting £174 per hour
Strategic Development sites.	N/A	Meetings held in the context of an emerging Development Plan as an intrinsic part of the decision as to whether to allocate the site or not will be free. At the point detailed site/design matters are discussed a fee of £2855 + VAT is payable to cover a further 3 hours of meetings. Each additional meeting £174 per hour.
Design Supplement.	£58 + VAT	For all non-Listed Building enquiries where a design input is required before a response can be made. This <b>does not</b> apply to enquiries relating solely to applications for listed building consent.
Advertisement Consent.	£174 + VAT	£232 + VAT
Informal quick responses.	N/A	An e-mail description of the proposals along with payment of the £ 29 fee will be required. An informal response will be given by phone or e-mail within 3 working days of receipt. No meetings/ letters will be produced.
Season Ticket.	N/A	Regular developers, agents or landowners may wish to negotiate a "season ticket" where, upon payment of an up front fee to cover the estimated cost of enquiries likely to be made during the coming year the need to complete the forms and payments for each enquiry can be avoided NB If the estimate is materially exceeded subsequent meetings will be charged at the standard rates above.
Solicitor/agent letters requiring confirmation that conditions have been discharged or satisfied.	£174 + VAT	N/A

## Resources

	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
<b>Administration</b>					
Freedom of Information enquiries (charge per hr for search costs over the £450 'Appropriate Limit' ):	25.00	25.00	-	25.00	Non Business
Freedom of Information photocopying - per sheet	0.14	0.14	0.03	0.17	Standard
<b>Summons Costs - Council Tax/NNDR</b>					
Council Tax - Summons on application for Liability Order*	65.00	65.00	-	65.00	Non Business
Council Tax - Costs of Liability Order hearing*	45.00	45.00	-	45.00	Non Business
NNDR - Summons on application for Liability Order*	75.00	75.00	-	75.00	Non Business
NNDR - Costs of Liability Order hearing*	45.00	45.00	-	45.00	Non Business
* As approved by the Magistrates Court					
<b>Miscellaneous properties</b>					
Garage rents	12.00	12.60	2.52	15.12	Standard

## Environmental & Regulatory Services

ENVIRONMENTAL PROTECTION	2020/2021	2021/2022
<b>Private Water Supplies</b>		
Risk Assessment or Investigation (fee per hour)	£51.00	£53.55
Sampling – each visit – fixed fee	£100.00	£105.00
Granting and Authorisation - fixed fee plus hourly rate applies	£100.00	£105.00
<u>Sample Analysis</u>		
Taken under Regulation 10		
Taken during check monitoring	at cost	at cost
Taken during audit monitoring		

## Regulation of Pollution from Industrial Sources - Environmental Permitting Regulations 2010

*Fees as laid down by the Secretary of State  
Please refer to [www.gov.uk/local-authority-environmental-permit](http://www.gov.uk/local-authority-environmental-permit)*

## Environmental Information Regulations – Search Fees

Basic administration charge	£25.00	£26.25
Contaminated Land information request	£80.00	£84.00

**Environmental & Regulatory Services**

**FOOD HEALTH & SAFETY**

**2020/21    2021/22**

**Export of Food Products**

Food Export Health Certificate (including first hour of officer time)

£50.00    £52.50

Officer hourly rate after first hour

£35.00    £36.75

**Other Products & Services**

E-learning

£35.00    £36.75

Safer Food, Better Business Information Pack

£8.00    £8.40

Food Hygiene Rating Re-visit

£160.00    £168.00

Condemned Food Certificate

£80.00    £84.00

## Environmental & Regulatory Services

LICENSING – ANIMAL WELFARE	2020/21	2021/22
<b>Breeding of Dogs<sup>1</sup></b>		
New Application	£350.00	£367.50
Renewal (1 to 3 years depending on rating + annual inspection)	£275.00	£288.75
<b>Horse Riding Establishments<sup>1</sup></b>		
New Application	£400.00	£420.00
Renewal (1 to 3 years depending on rating + annual inspection)	£275.00	£288.75
<b>Pet Shops</b>		
New Application	£270.00	£283.50
Renewal (1 to 3 years depending on rating)	£230.00	£241.50
<b>Keeping or Training Animals for Exhibition</b>		
New Application	£270.00	£283.50
Renewal (3 years)	£230.00	£241.50
<b>Home Boarding for Dogs (<i>Day-time or overnight care within the home environment</i>)</b>		
New Application	£270.00	£283.50
Renewal (1 to 3 years depending on rating)	£230.00	£241.50
<b>Providing Boarding in Kennels</b>		
Dogs - New Application – up to 50 dogs	£270.00	£283.50
Dogs - Renewal (1 to 3 years depending on rating) – up to 50 dogs	£230.00	£241.50
Dogs - New Application – over 50 dogs	£315.00	£330.75
Dogs - Renewal (1 to 3 years depending on rating) – over 50 dogs	£275.00	£288.75
Cats - New Application – up to 50 cats	£270.00	£283.50
Cats - Renewal (1 to 3 years depending on rating) – up to 50 cats	£230.00	£241.50
Cats - New Application – over 50 cats	£315.00	£330.75
Cats - Renewal (1 to 3 years depending on rating) – over 50 cats	£275.00	£288.75
<i>Total charge is the amount as shown plus veterinary fees</i>		

## Environmental & Regulatory Services

<b>LICENSING – ANIMAL WELFARE</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Providing Day Care for Dogs</b>		
New Application – up to 50 dogs	£220.00	£231.00
Renewal (1 to 3 years depending on rating) – up to 50 dogs	£230.00	£241.50
New Application – over 50 dogs	£315.00	£330.75
Renewal (1 to 3 years depending on rating)– over 50 dogs	£275.00	£288.75
<b>Supplementary Fees</b>		
Franchise Licence – Dog Boarding only <sup>1</sup>	£110.00	£115.50
Host Fee <sup>2</sup>	£130.00	£136.50
Additional Activity <sup>3</sup>	£45.00	£47.25
Variation Fee e.g. amendment to a licence	£25.00	£26.25
Inspection Fee <sup>4</sup>	£120.00	£126.00
Re-Rating Fee <sup>5</sup>	£125.00	£131.25
 <sup>1</sup> Host fees will be required in addition to this licence		
<sup>2</sup> Required per host family of a dog boarding franchise		
<sup>3</sup> Payable in addition to the appropriate licence fees where more than one activity is undertaken at the same premises		
<sup>4</sup> Payable if an inspection is required in addition to the initial inspection required included within the licence fee		
<sup>5</sup> Inspection and licence amendment for re-rating of the current star rating		
 <b>Dangerous Wild Animals</b>		
New Application <sup>1</sup>	£335.00	£351.75
Renewal (2 years) <sup>1</sup>	£295.00	£309.75
 <b>Zoos</b>		
s14(2) dispensation - New Application <sup>1</sup>	£1,165.00	£1,223.25
s14(2) dispensation - Renewal (6 years) <sup>1</sup>	£1,575.00	£1,653.75
No dispensation - New Application <sup>1</sup>	£1,860.00	£1,953.00
No dispensation - Renewal (6 years) <sup>1</sup>	£2,620.00	£2,751.00

<sup>1</sup> Total charge is the amount as shown plus veterinary fees

**Environmental & Regulatory Services**

<b>LICENSING – TAXIS</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Drivers Licence</b>		
Hackney Carriage / Private Hire / Dual - 3 year – new application	£250.00	£250.00
Hackney Carriage / Private Hire / Dual - 3 year – renewal	£185.00	£185.00
Single Private Hire to Dual Licence transfer	£53.00	£53.00
<b>Vehicle Licence – all 1 year</b>		
Hackney Carriage vehicle – new application	£250.00	£250.00
Hackney Carriage vehicle – renewal	£185.00	£185.00
Private Hire vehicle – new application	£250.00	£250.00
Private Hire vehicle – renewal	£185.00	£185.00
Transfer of vehicle licence – to another person	£25.00	£25.00
Transfer of vehicle licence – to another vehicle (1 year)	£180.00	£180.00
Transfer of vehicle licence – to another vehicle (remainder of plate)	£86.00	£86.00
Temporary vehicle (Insurance Company)	£250.00	£250.00
Change of registration number	£86.00	£86.00
<b>Private Hire Operators</b>		
Operator Licence – 5 year – new application	£400.00	£400.00
Operator Licence – 1 year – new application / renewal	£100.00	£100.00
<b>Other Fees</b>		
Knowledge Test	£75.00	£75.00
Replacement driver's badge	£28.00	£28.00
Replacement external plate	£33.00	£33.00
Replacement internal plate	£28.00	£28.00
Vehicle bracket	£10.00	£10.00
Administration charge for any other requests	£25.00	£25.00

**Environmental & Regulatory Services****LICENSING – STREET TRADING****2020/21 2021/22****West Oxfordshire District Council**

Witney & Chipping Norton – annual	£2,623.87	£2,755.06
Witney & Chipping Norton – 3 months	£781.99	£821.09
All other consents – annual	£1,754.19	£1,841.90
All other consents – 3 months	£563.09	£591.24
Individual Trader Day Rate (per stall)	£60.93	£63.98

**Markets:****Chipping Norton**

per day per 10' frontage or pro-rata	£21.33	£22.39
per day casual	£29.69	£31.18
plus per canopy, per pitch, per day	£3.14	£3.30

**Witney**

per day per 10' frontage or pro-rata	£22.27	£23.38
per day casual	£30.16	£31.67
plus per canopy, per pitch, per day	£3.14	£3.30
Farmers Market - per site	£332.75	£349.39

**Environmental & Regulatory Services**

**LICENSING – CARAVAN AND CAMPSITES**

**2020/21    2021/22**

**All previous charging schedules to be replaced by the following:**

**New site application**

– 5 or less units	£315.00	£330.75
– 6 to 24 units	£420.00	£441.00
– 25 to 99 units	£505.00	£530.25
– 100 to 199 units	£580.00	£609.00
– 200 units and over	£665.00	£698.25

**Annual Fee for existing site licence**

– 5 or less units	£265.00	£278.25
– 6 to 24 units	£350.00	£367.50
– 25 to 99 units	£435.00	£456.75
– 100 to 199 units	£505.00	£530.25
– 200 units and over	£585.00	£614.25

**Other Fees**

Transfer / amendment of existing site licence	£100.00	£105.00
Change Site Conditions	£100.00	£105.00
Site Rules Deposit	£50.00	£52.50
Administrative and other expenses to serve notice under the Mobile Homes Act 2013	£300.00	£315.00

## Environmental & Regulatory Services

### LICENSING – GAMBLING ACT

2020/21

2021/22

#### Betting Premises (excluding Tracks)

New Premises	£427.83	£449.22
Vary Premises	£427.83	£449.22
Transfer of Premises	£95.72	£100.51
Reinstatement of Premises	£191.39	£200.96
Provisional Statement	£427.83	£449.22
New Premises with Provisional	£78.80	£82.74
Annual Fee	£168.89	£177.33
Notification of change	£28.12	£29.53

For all other premises licence fees, please contact [ers@publicagroup.uk](mailto:ers@publicagroup.uk).

The fees for gaming machine permits are set nationally – please refer to [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

#### Lotteries and Amusements (*Fees set nationally*)

Small Lottery – new application	£40.00	£40.00 Statutory Fees
Small Lottery – renewal	£20.00	£20.00 Statutory Fees

## Environmental & Regulatory Services

### LICENSING – OTHER

2020/21      2021/22

#### Alcohol & Entertainment (Licensing Act 2003)

*Fees as laid down by the Secretary of State – please refer to [www.gov.uk](http://www.gov.uk)*

#### Scrap Metal

Dealer (Site) Licence – New Application / Renewal

£532.55      £559.18

Collector's Licence – New Application / Renewal

#### Cosmetic Piercing

##### (Accupuncture, Tattoo, Ear Piercing & Electrolysis)

Premises registration (includes 1 practitioner)

£187.54      £196.92

Personal registration (each additional practitioner at a registered premises)

£138.96      £145.91

#### Sex Shop, Sex Cinema or Sexual Entertainment Venue

[Please contact ers@publicagroup.uk to discuss your requirements](mailto:ers@publicagroup.uk)

#### Houses in Multiple Occupation

HMO Licence (3 years)

£620.00      £651.00

#### Advisory Services

The council offers regulatory service support and advice as part of the Better Business for all partnership (<https://www.thegrowthhub.biz/support-hub/better-business-for-all>); please contact [ers@publicagroup.uk](mailto:ers@publicagroup.uk) to discuss your requirements.

**Environmental & Regulatory Services**

Premises Licences	2020/2021	2021/2022	VAT	2021/2022	VAT Status
		Basic Charge		Total Charge	
	£ p	£ p	£ p	£ p	
	*Events that exceed 5,000 people will be liable for an additional fee to be charged on an application for a premises licence authorising the event.				
Number of people					
5,000-9,999	1,000.00	1,000.00	-	1,000.00	Non Business
10,000-14,999	2,000.00	2,000.00	-	2,000.00	Non Business
15,000-19,999	4,000.00	4,000.00	-	4,000.00	Non Business
20,000-29,999	8,000.00	8,000.00	-	8,000.00	Non Business
30,000-39,999	16,000.00	16,000.00	-	16,000.00	Non Business
40,000-49,999	24,000.00	24,000.00	-	24,000.00	Non Business
50,000-59,999	32,000.00	32,000.00	-	32,000.00	Non Business
60,000-69,999	40,000.00	40,000.00	-	40,000.00	Non Business
70,000-79,999	48,000.00	48,000.00	-	48,000.00	Non Business
80,000-89,999	56,000.00	56,000.00	-	56,000.00	Non Business
90,000 and over	64,000.00	64,000.00	-	64,000.00	Non Business

Note: Fees are determined by Government

Environmental & Regulatory Services

**Community Safety & Licensing (Licensing Act 2003)**

**Premises Licences**

Fees relating to applications for premises licences, club premises certificates, variations,

(but not changes of name and address etc or changes of designated premises supervisor) the conversion of existing licences, and conversion/variations should be graduated using five bands as shown:

	2020/2021	2021/2022	VAT	2021/2022	VAT Status
	Basic Charge	Basic Charge		Total	
	£ p	£ p	£ p	Charge	
				£ p	
BAND A	100.00	100.00	-	100.00	Non Business
BAND B	190.00	190.00	-	190.00	Non Business
BAND C	315.00	315.00	-	315.00	Non Business
BAND D	450.00	450.00	-	450.00	Non Business
BAND E	635.00	635.00	-	635.00	Non Business

The annual charges payable by those holding licences and club premises certificates:

BAND A	70.00	70.00	-	70.00	Non Business
BAND B	180.00	180.00	-	180.00	Non Business
BAND C	295.00	295.00	-	295.00	Non Business
BAND D	320.00	320.00	-	320.00	Non Business
BAND E	350.00	350.00	-	350.00	Non Business

Particular types of premises which do not have non-domestic rateable values would be allocated to Band A

The various non-domestic rateable values should be allocated to bands in the following way:

Note:\*Non-Domestic rateable value

BAND A				*£0-£4,300	Non Business
BAND B				*£4,301-£33,000	Non Business
BAND C				*£33,001-£87,000	Non Business
BAND D				*£87,001-£125,000	Non Business
BAND E				*£125,001 and over	Non Business

\*No fee or annual charge would be payable by church halls, chapel halls or other premises of a similar nature and village halls, parish and community halls or other

Temporary Events Notice	21.00	21.00	-	21.00	Non Business
Personal Licence	37.00	37.00	-	37.00	Non Business
Minor Variations procedure	89.00	89.00	-	89.00	Non Business

Note: Fees determined by Government

Environmental & Regulatory Services

**Community Safety & Licensing (Licensing Act 2003)**

Miscellaneous Fees	2020/2021	2021/2022	VAT	2020/2021	VAT Status
	Basic Charge			Total Charge	
	£ p	£ p	£ p	£ p	
Application for a grant or renewal of personal licence	37.00	37.00	-	37.00	Non Business
Temporary event notices	21.00	21.00	-	21.00	Non Business
Theft, loss etc of premises licence or summary	10.50	10.50	-	10.50	Non Business
Application for a provisional statement where premises being built, etc	195.00	195.00	-	195.00	Non Business
Notification of change of name or address	10.50	10.50	-	10.50	Non Business
Application to vary to specify individual as premises supervisor	23.00	23.00	-	23.00	Non Business
Application for transfer of premises licence	23.00	23.00	-	23.00	Non Business
Interim authority notice following death etc. of licence holder	23.00	23.00	-	23.00	Non Business
Theft, loss etc of certificate or summary	10.50	10.50	-	10.50	Non Business
Notification of change of name or alteration of club rules	10.50	10.50	-	10.50	Non Business
Change of relevant registered address of club	10.50	10.50	-	10.50	Non Business
Theft, loss etc of temporary event notice	10.50	10.50	-	10.50	Non Business
Theft, loss etc of personal licence	10.50	10.50	-	10.50	Non Business
Duty to notify change of name or address	10.50	10.50	-	10.50	Non Business
Right of freeholder etc to be notified of licensing matters	21.00	21.00	-	21.00	Non Business

Note: Fees determined by Government

Environmental & Regulatory Services

**Environmental Services**

		2020/2021	2021/2022	VAT	2021/2022	VAT Status
		Basic Charge	Basic Charge		Total	
		£ p	£ p	£ p	Charge	
					£ p	
<b>Penalty Notices</b>						
Fine for Dog Fouling	statutory fee	50.00	50.00	-	50.00	Non business
<b>Parking enforcement</b>						
Operational Guidance to Local Authorities: Parking Policy and enforcement. Department for Transport. Traffic Management Act 2004						
Higher Level Contravention paid after service of charge certificate	statutory fee	105.00	105.00	-	105.00	Non-business
Higher Level Contravention paid after 14 days but before service of charge certificate	statutory fee	70.00	70.00	-	70.00	Non-business
Higher level contravention paid within 14 days	statutory fee	35.00	35.00	-	35.00	Non-business
Lower Level Contravention paid after service of charge certificate	statutory fee	75.00	75.00	-	75.00	Non-business
Lower level contravention paid within 14 days	statutory fee	50.00	50.00	-	50.00	Non-business
Lower level contravention paid within 14 days	statutory fee	25.00	25.00	-	25.00	Non-business
<b>Nuisance parking</b>						
Fixed penalty notices (FPN's)	statutory fee	100.00	100.00	-	100.00	Non-business
If paid within 14 days		75.00	75.00	-	75.00	Non-business
<b>Abandoned vehicles</b>						
Fixed penalty notices (FPN's)	statutory fee	200.00	200.00	-	200.00	Non-business
If paid within 14 days		150.00	150.00	-	150.00	Non-business



## BUILDING CONTROL – GENERAL NOTES

### **THE BUILDING ACT 1984 : THE BUILDING REGULATIONS 2010 (As amended)**

The building owner or agent must make a building regulations application and pay a fee for the construction of new works. All work must comply with the 2010 Building Regulations (as amended).

The person carrying out the building works is to liaise with and meet the requirements of the Local Authority Building Control and give the required notice for certain key stages of works as detailed in the guidance below.

The charges set out on the following pages have been set in accordance with the Building (Local Authority Charges) Regulations 2010. The tables give the charges for various categories of work.

### **Full Plans Applications Charges**

The 'charges' shown in the following tables relate to Full Plans Applications. For the definition and details of Full Plans Applications please visit the respective Council's website.

### **Building Notice Applications Charges**

Where building work is of a relatively minor nature, the Building Notice charge is the same for the Full Plans Application charge except for Cotswold District Council where the Building Notice charge is as shown on the relevant Tables.

For the definition and details of Building Notice Applications please visit the respective Council's website.

A Building Notice Application will not, in the majority of situations, be accepted for new dwellings. It is also likely that new dwellings may potentially attract additional charges depending on what level of design input has been achieved by the applicant.

### **Regularisation Applications (Retrospective Works) Charges**

The charge required when depositing an application for regularisation (or reversion) is 100% of the appropriate charge as listed in the following tables **excluding VAT**, with an additional 50% premium added to it. This type of application is exempt from VAT.

For the definition and details of Regularisation Applications please visit the respective Council's website.

### **Works to provide access and facilities for disabled persons**

Charges are not payable when the proposed work is to provide access and facilities in an existing dwelling or an extension to store equipment or provide medical treatment for a disabled person. In order to claim exemption, the appropriate evidence as to the relevance of the adaptation for the person's disability must accompany the application.

**BUILDING CONTROL – WEST OXFORDSHIRE DISTRICT COUNCIL**

<b>TABLE A – NEW DWELLINGS e.g. flats, houses with total floor area of less than 300m<sup>2</sup></b>		
No. of dwellings	Charge (excl. VAT)	Charge (incl. VAT)
1	£594.00	£712.80
2+	Price on application	
<b>Notes:</b>		
a) Where more than 1 dwelling is proposed, charges will be calculated on an individual application b) New dwellings over 300m <sup>2</sup> in floor area – charges to be negotiated. c) No additional fees are payable for different associated garages, built at the same time as the d) <a href="#">Local Authority Building Control (LABC) can provide competitively priced 10 year Structural</a>		

<b>TABLE B – DOMESTIC AND COMMERCIAL EXTENSIONS TO A SINGLE BUILDING</b>		
Description	Charge (excl. VAT)	Charge (incl. VAT)
Erection / Extension of a garage (30m <sup>2</sup> to 60m <sup>2</sup> )	£290.00	£348.00
Garage conversion to habitable accommodation	£217.00	£260.40
Loft conversion up to 100m <sup>2</sup>	£579.00	£694.80
Loft conversion over 100m <sup>2</sup>	Price on application	
Extension up to 20m <sup>2</sup>	£449.00	£538.80
Extension 20m <sup>2</sup> up to 60m <sup>2</sup>	£594.00	£712.80
Extension 60m <sup>2</sup> up to 100m <sup>2</sup>	£747.00	£896.40
Extension over 100m <sup>2</sup>	Price on application	
<b>Notes:</b>		
a) References to floor area relate to the total internal area of all storeys. b) Where more than one extension is proposed, the floor areas must be added together to determine c) Some alterations to buildings to improve facilities for disabled persons are exempt from charges.		

<b>TABLE C – ALL OTHER WORK</b>		
Description	Charge (excl. VAT)	Charge (incl. VAT)
Under £1,000	£108.00	£129.60
£1,001 to £5,000	£217.00	£260.40
£5,001 to £10,000	£290.00	£348.00
£10,001 to £20,000	£399.00	£478.80
£20,001 to £30,000	£565.00	£678.00
£30,001 to £40,000	£690.00	£828.00
£40,001 to £50,000	£797.00	£956.40
£50,001 to £60,000	£978.00	£1,173.60
£60,001 to £70,000	£1,051.00	£1,261.20
£70,001 to £80,000	£1,159.00	£1,390.80
Over £80,000	Price on application	
For competitive quotations for projects over £80,000 please contact the building control team on		
01993 861651 or by emailing <a href="mailto:building.control@westoxon.gov.uk">building.control@westoxon.gov.uk</a>		

**BUILDING CONTROL – WEST OXFORDSHIRE DISTRICT COUNCIL**

<b>TABLE C – ALL OTHER WORK <i>continued</i></b>		
<b>Description</b>	<b>Charge (excl. VAT)</b>	<b>Charge (incl. VAT)</b>
Electrical installations if not using a competent electrical engineer	£446.00	£535.20
New windows install by non FENSA opp – up to 8 windows	£108.00	£129.60
New windows install by non FENSA opp – over to 8 windows	Price on application	
<b>Notes on additional services:</b>		
<p>a) <a href="#">Local Authority Building Control (LABC) can provide competitively priced 10 year Structural</a></p> <p>b) SAP/EPC and SBEM calculations can be provided – price on application.</p> <p>c) Air pressure testing can be provided – price on application.</p>		
For more information please contact:		
The building control team on 01993 861651		
<a href="mailto:building.control@westoxon.gov.uk">Email: building.control@westoxon.gov.uk</a>		

<b>TABLE D – ADDITIONAL SERVICES</b>
<p>Other relevant services not covered by the previous tables may be undertaken on a 'cost recovery' basis. The following are examples of additional services which the Council may provide:</p> <ul style="list-style-type: none"> <li>· <b>Provision of Completion Certificates e.g. where requested more than six months after completion of the building work</b></li> <li>· <b>Advisory work in connection with i) demolition of buildings and ii) dangerous structures</b></li> <li>· <b>There is a charge of £132 to administer an application which has not been visited for 10 years.</b></li> </ul> <p>Services will be charged on an hourly rate of £66.00 per hour (including VAT).</p>

## Environmental Services

		2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
<b>Dog Control (Release of an impounded Stray Dog)</b>						
Statutory Fee		25.00	25.00	-	25.00	Non business
Kennelling	per day	20.00	22.00	-	22.00	Non business
Administration Fee		33.20	36.50	-	36.50	Non business
Delivery Charge (Optional return of dog to owner by the kennels)		49.00	53.90	10.78	64.67	Standard
<i>Note: The cost of veterinary treatment will be passed on in full to the dog owner. Owners in receipt of an income-related benefit shall only be charged for kennelling and</i>						
Dog Chipping - Standard (subject to availability)		16.55	18.20	3.64	21.84	Standard
Dog Chipping - Concessionary (subject to availability)		16.55	18.20	3.64	21.83	Standard
<b>Other Services</b>						
Radar keys		4.00	4.40	0.88	5.28	Standard
Public Sewer Searches	statutory fee	30.00	30.00	-	30.00	Non business
<b>Fairs</b>						
Chipping Norton Mop Fair		5,000.00	5,250.00		5,250.00	Exempt
Woodstock Fair		2,500.00	2,625.00		2,625.00	Exempt
<b>Home Improvement Agency:</b>						
Agency Fees for Grant-aided Works up to £5,000		17% of cost	15% of cost			As Applicable
Agency Fees for balance of Grant-aided Works Above £5,000		14% of cost	15% of cost			As Applicable
Small Repairs Fee - Estimates quoted at £20 per hour plus VAT (if applicable) plus cost of materials used						As Applicable
Agency Fees for balance of Grant-aided Works Above £5,000		14% of cost	15% of cost			As Applicable
Small Repairs Fee - Estimates quoted at £20 per hour plus VAT (if applicable) plus cost of materials used						As Applicable

## Environmental Services

		2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
<b>Street Naming and Numbering</b>						
Change of an existing property name		60.50	63.50	-	63.50	Non Business
Allocating a name to a property or allocating a number to a named property		60.50	63.50	-	63.50	Non Business
Change of a commercial building address		60.50	63.50	-	63.50	Non Business
Change of street name at residents, developers or parish/town council request		362.25	380.40	-	380.40	Non Business
Plus additional charge per property/unit where consultation with existing residents is to be carried out by WODC		40.00	42.00	-	42.00	Non Business
Naming and numbering of a block of flats		180.90	190.00	-	190.00	Non Business
Naming and numbering of new properties including commercial buildings	Per Unit up to 5 plots	60.50	63.50	-	63.50	Non Business
	6 - 25 plots	511.80	537.40	-	537.40	Non Business
	26 - 75 plots	796.00	835.80	-	835.80	Non Business
	76 - 150 plots	1,137.25	1,194.10	-	1,194.10	Non Business
	151 - 250 plots	1,421.55	1,492.60	-	1,492.60	Non Business
	251 - 350 plots	1,705.90	1,791.20	-	1,791.20	Non Business
	351 - 500 plots	1,990.15	2,089.70	-	2,089.70	Non Business
	501 or more plots	2,274.50	2,388.20	-	2,388.20	Non Business
Additional charges where new street names are required:						
	1 - 5 new street names	227.50	238.90	-	238.90	Non Business
	6 - 10 new street names	454.90	477.60	-	477.60	Non Business
	10 or more new street names	568.75	597.20	-	597.20	Non Business
Charge for a developer amending plans after naming and numbering has commenced		120.95	127.00	-	127.00	Non Business
Charges for preparing site location plans and supervising the installation of street nameplates						
	1-4 Nameplates	190.40	199.90	39.98	239.88	Standard Rate
	5-8 Nameplates	244.75	257.00	51.40	308.40	Standard Rate
	9-12 Nameplates	299.10	314.10	62.82	376.92	Standard Rate
	13-16 Nameplates	353.50	371.20	74.24	445.44	Standard Rate
	17-20 Nameplates	407.95	428.40	85.68	514.08	Standard Rate
	21-24 Nameplates	462.30	485.40	97.08	582.48	Standard Rate
	25-28 Nameplates	516.70	542.50	108.50	651.00	Standard Rate
	29+ Nameplates	543.85	571.00	114.20	685.20	Standard Rate

**Note:**

The charges above include all necessary administration, site visits to carry out existing address checks, establishing any new street names required and the publishing of the new addresses to relevant organisations

## Environmental Services

Services Rendered or Performed	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status		
Pest Control - Domestic							
Rats & Mice (per course of treatment)	53.40	56.10	11.22	67.32	Standard		
<i>Note: Pest Control for rats and mice will be charged at the survey rate for occupiers of domestic premises in receipt of an income-related benefit</i>	17.75	18.60	3.72	22.32	Standard		
Wasps	51.30	53.90	10.78	64.68	Standard		
Second & Subsequent wasps nests treated during the same visit	25.50	26.80	5.36	32.16	Standard		
Other Insects	67.25	70.60	14.12	84.72	Standard		
Other Insects - all following visits	35.85	37.70	7.54	45.24			
Abortive Calls and Surveys	17.75	18.60	3.72	22.32	Standard		
Pest Control - Commercial							
All pests (except wasps)		per hour (min 1 hour)	85.45	89.70	17.94	107.64	Standard
Wasps		(includes materials)	85.45	89.70	17.94	107.64	Standard
Abortive Calls and Surveys		per ½ hour (min ½ hour)	42.75	44.90	8.98	53.88	Standard

## Environmental Services

Services Rendered or Performed	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
Commercial & Schedule 1 Waste (Refuse)					
<b>Cost per collection</b>					
180 Litre Bin (Schedule 1 only)	4.92	5.17	-	5.17	Non Business
240 Litre Bin	6.59	6.92	-	6.92	Non Business
360 Litre Bin	10.17	10.68	-	10.68	Non Business
660 Litre Bin	13.25	13.92	-	13.92	Non Business
1,100 Litre Bin	18.78	19.72	-	19.72	Non Business
660 Litre Bin - Clinical	13.09	13.74	-	13.74	Non Business
<b>Annual once per week collection</b>					
180 Litre Bin (Schedule 1 only)	255.84	268.63	-	268.63	Non Business
240 Litre Bin	342.68	359.85	-	359.85	Non Business
360 Litre Bin	528.84	555.17	-	555.17	Non Business
660 Litre Bin	689.00	723.63	-	723.63	Non Business
1,100 Litre Bin	976.56	1,025.28	-	1,025.28	Non Business
660 Litre Bin - Clinical	680.68	714.68	-	714.68	Non Business
Commercial & Schedule 1 Waste (Recycling)					
Cost per collection					
180 Litre Bin (Schedule 1 only)	3.21	3.37	-	3.37	Non Business
240 Litre Bin	4.31	4.52	-	4.52	Non Business
360 Litre Bin	6.67	7.01	-	7.01	Non Business
660 Litre Bin	9.23	9.69	-	9.69	Non Business
1,100 Litre Bin	13.10	13.75	-	13.75	Non Business
Commercial & Schedule 1 Waste (Food)					
23 Litre Caddy	3.55	3.72	-	3.72	Standard
140 Litre Bin	4.41	4.63	-	4.63	Standard
240 Litre Bin	5.17	5.42	-	5.42	Standard
360 Litre Bin	6.07	6.37	-	6.37	Standard
660 Litre Bin	8.31	8.73	-	8.73	Standard

**These charges are net of VAT as per a change in HMRC policy but may be subject to future review**

## Environmental Services

Services Rendered or Performed	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
*Pre paid plastic sacks - per sack (Refuse)	2.65	2.80	-	2.80	Non Business
*Pre paid stickers - per sticker (Refuse)	2.65	2.80	-	2.80	Non Business
*Pre paid plastic sacks - per sack (Recycling)	2.15	2.30	-	2.30	Non Business
*Pre paid stickers - per sticker (Recycling)	2.15	2.30	-	2.30	Non Business
<i>*Service to be available where wheeled bins are unsuitable</i>					
For Domestic use only:-					
Bulky household waste charges					
Contaminated bin	96.70	101.50	-	101.50	Non Business
Waste collection from commercial establishments (See page 12.17 for chargeable items)					
Green Waste Collection	30.00	35.00	-	35.00	Non-business
Recovery of Abandoned Trolleys (per trolley)	50.24	52.75	10.55	63.30	Standard

## Bulky Household Waste Collection Service

	2020/2021 Basic Charge £ p	2021/2022 Basic Charge £ p	VAT £ p	2021/2022 Total Charge £ p	VAT Status
<b>Normal Items</b>					
Normal Household items*					
Up to 4 items	27.68	27.68	-	27.68	Non business
Each additional item with a limit of up to two additional items	9.22	9.22	-	9.22	Non business

Please refer to [www.Westoxon.gov.uk](http://www.Westoxon.gov.uk) for the up to date list of collectable items.

### Non - standard household items

Non - standard household items	27.68	27.68	-	27.68	
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Please refer to [www.Westoxon.gov.uk](http://www.Westoxon.gov.uk) for the up to date list of collectable items.

### Note: The Council will not collect the following items:

*Asbestos, Bricks, Builders Rubble, Car Shells, Chemicals, Gas Bottles, Oil Drums, Paint, Trailers, Vehicle Engines (or other parts) or Vehicle wheels/tyres*

## Pay Policy Statement – West Oxfordshire District Council 2021/2022

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### 1.0 Background

1.1 This statement is intended to meet the requirements of:

- s 38 (1) of the Localism Act 2011 which requires the Council to approve a Pay Policy Statement annually prior to the commencement of the financial year;
- the Council's obligations under the associated statutory guidance set out in the Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act (February 2012) together with the Local Government Transparency Code 2015.

### 2.0 Scope of this policy statement

2.1 To avoid confusion and provide transparency this statement will only apply to all officers that are employees of the Council although a number of officers hold dual employment contracts with Publica (a Council-owned service company).

2.2 Details of senior staff pay at Publica can be found within their statement of accounts.

2.2 The current statement sets out the following elements:

- pay for each of the in scope officers
- remuneration of lowest paid officer
- the pay relationship between the highest paid Officers and other officers
- performance related pay and bonuses, termination payments, transparency
- other aspects of remuneration.

### 3.0 Officers covered by the policy statement

3.1 Below is a list of those Officers covered by the Policy Statement:

- Head of Democratic Services (Monitoring Officer)
- Chief Finance Officer/Deputy Chief Executive (section 151 officer)
- Chief Executive (Head of Paid Service)
- Other officers of the Council.

3.2 Officers not covered by this statement include officers who are wholly or primarily employed by Publica and who retain dual employment contracts to deliver statutory elements of their roles such as Parking Appeal decisions or delegated planning decisions which require an employment relationship with the Council.

#### **4.0 General statements**

4.1 The Council has a range of human resources (HR) policies that apply equally to all officers across the Council from the highest paid to the lowest paid. These policies cover a wide range of HR issues including annual leave arrangements and sickness arrangements.

4.2 As part of the formation of Publica, the Council has determined that directly employed staff should in future adopt similar policies as the Publica employees in the interests of fairness and equity.

#### **5.0 Policy on remuneration of senior officers**

5.1 The policy for the year 2021/22 is to maintain the level of pay in the same bands as the current year subject to any cost of living award that may be agreed nationally.

Heads of Service      Two grades – M and N

M - £52,770 - £56,167 pay band made up of x 4 pay points

N - £56,934 - £61,099 pay band made up of x 4 pay points

(Plus local supplements as appropriate)

#### **Statutory Officers:**

Chief Executive (Head of Paid Service) – fixed point salary £80,977

Chief Finance Officer/Deputy Chief Executive (s151) – fixed point salary £75,008

Head of Democratic Services (Monitoring Officer) – salary band SMM £56,167

At the time of publication of this policy statement no annual pay award has been agreed for 2021-2022.

5.2 Other factors relating to pay:

- Officers are generally placed upon the bottom pay point on appointment, but this can be varied by the approval of the appropriate appointments panel.
- A joint working supplement may be payable unless it has been incorporated into the job evaluation assessment.
- Incremental increases within the pay band are made annually and can be accelerated or withheld based upon outstanding or poor performance respectively.
- Once top of the band is reached no further Increases are available.
- No performance related pay exists for any Senior Officer.
- No bonuses are available for any Senior Officer.
- Termination benefits payable will be in line with that available to all other officers as set out in the Redundancy and Retirement Policies in line with Employment Rights Act tables.
- Full Council will retain the decision to make any new appointment of an officer where the pay (incorporating ail payments and benefits in kind) exceeds £100,000.
- Severance payments are now subject to a legal cap of £95,000.

5.3 The details of the payments in respect of these senior officers are set out in the Transparency page of the Council's website at: <https://www.westoxon.gov.uk/about-the-council/council-performance-and-spending/finance-and-expenditure/>

5.4 None of the Senior Officers are entitled to receive overtime payments for time worked beyond the contracted hours and out of ordinary working hours.

5.5 The Returning Officer for election purposes also receives a payment for the statutory duties undertaken by virtue of the specific, additional appointment to that role in addition to other responsibilities. For national elections and referenda the amount is set and is payable by the

government. For District and Town/Parish Council elections, the fees are payable by the District Council in accordance with an approved scale.

## **6.0 Tax avoidance**

6.1 The Council does not and will not employ senior managers in permanent positions via service companies that could be construed as avoiding tax and national insurance contributions. From time to time the Council may employ individuals via service companies to cover interim or short term project roles. However, the Council will comply with its responsibilities regarding the application of HMRC regulations on payments made to personal service companies (known as IR35) by applying income tax and national insurance deductions to the payment.

## **7.0 Relationship with other officers' pay**

- 7.1 Pay across the Council is determined by reference to the Job Evaluation scheme in place across the Council which determines the relative differences in pay between jobs based upon a range of factors.
- 7.2 All posts are evaluated using the West Oxfordshire District Council Job Evaluation Scheme (Genesys HR Solutions).
- 7.3 A full list of grades and associated spinal column pay points is attached to this policy.
- 7.4 A salary supplement / leased car benefit is payable on grades H and above except for Partnership posts where the pay grade is all inclusive. Any leased car provided for inclusive salary grades will require a sacrifice of salary.
- 7.5 For employees on grades A to E overtime is payable at premium rates for hours worked above the basic 37 hours per week. Overtime for staff paid above these grades is only payable in exceptional circumstances and after senior management approval.
- 7.6 For employees that work for more than one Council (shared officers) then a shared working supplement may be payable based on Joint Working Protocols.
- 7.7 Where these shared posts/lead employer arrangements are agreed and set in place, the costs of any role are appropriately apportioned and recharged via the employment/secondment/management agreement. Such roles, where the Council is the employer, are evaluated according to the Council's existing job evaluation scheme.

## **8. Market forces supplement**

- 8.1 The Council is committed to the principles of single status employment and seeks to ensure employees receive equal pay for work of equal value.
- 8.2 In professions where there is a particular skills shortage, as a temporary arrangement, it may be necessary to consider a market supplement to attract high quality applicants. The level and duration of premium will be determined by reference to a combination of national comparators, local conditions, recruitment difficulties, inflation and whether the post has recently been advertised and the process has been unsuccessful.

## **9. Lowest paid employees**

- 9.1 Lowest paid employees of the Council are defined as those employees (excluding Apprentices) who are in a full time or part time role, who are above the age of 21.
- 9.2 For pay comparison purposes the top of pay grade will always be used.

9.3 The pay differential between the highest paid officer and the median officer is set out below:

Highest	£ 80,977
Median Employee	£ 56,167
Multiple	1.45

Note: An annual pay award is still pending for the rates of pay effective from 1 April 2021.

9.4 Other than incremental progression through the pay grade of a post the Council does not operate performance related pay for any staff including Chief Officers.

9.5 Details of senior management pay bands and the senior management organisation chart are available at:

<https://www.westoxon.gov.uk/about-the-council/council-performance-and-spending/finance-and-expenditure/>

## **10 Pay protection**

10.1 The Council seeks to ensure that all employees receive equal pay for work of equal value. To be consistent with equal pay principles the Council's protection arrangements will not create the potential for pay inequalities (e.g. open-ended protection).

10.2 There may be times when the grade for an individual's role changes for reasons unrelated to their performance e.g. restructures. In such cases the protection arrangements outlined will apply for 3 years from the date of the change.

## **11 Severance payments**

11.1 The Council has a consistent method of calculating severance payments which it applies to all employees without differentiation. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.

11.2 In line with the statutory redundancy payment scheme, the Council calculates redundancy severance payments using the following calculation. The calculation is based on an employee's age and length of continuous local government service (please note that employees must have a minimum of 2 years' continuous service to qualify for a redundancy payment) the multiplier for the number of weeks is then applied to the employee's actual weekly earnings.

11.3 The amount of redundancy pay will be calculated as:

- 0.5 week's pay for each full year of service where age at time of redundancy is less than 22 years of age
- 1 week's pay for each full year of service where age at time of redundancy is 22 years of age or above, but less than 41 years of age
- 1.5 weeks' pay for each full year of service where age at time of redundancy is 41+ years of age.

11.4 The maximum number of service years taken into account is 20. The maximum number of weeks' pay is 30 for anyone aged 61 years of age or older with 20 years or more service.

11.5 As a consequence of a change to the legal position, any severance payments are subject to a cap of £95,000.

## **12 Honorarium payments**

12.1 Payment of honoraria is a method by which the Council may reward an employee who has temporarily undertaken the duties and responsibilities of a higher graded post, or who has worked excessive hours whilst not being entitled to overtime payments.

### 13 The Real Living Wage

- 13.1 The Council and Publica are committed to paying the Real Living Wage (RLW). The current RLW rate is £9.50 per hour across UK (except London - £10.85) for workers 18 years and older.
- 13.2 The RLW is voluntary and is independently calculated based on what people need to get by. The Government encourages all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum.
- 13.3 For Council employees whose substantive post is less than the RLW they will automatically receive the rate set out in 13.1 above.

### 14. Other pay and conditions in operation, are as follows:

- Stand by and call out payments
- Long Service Award.

### 15 The Local Government Pension Scheme (LGPS)

- 15.1 The LGPS provides for the exercise of discretion that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that it does not normally enhance pension benefits for any of its employees, nor does it operate any discretions under the Local Government (Discretionary Payments) (injury Allowances) Regulations 2011.
- 15.2 Further information regarding the Oxfordshire County Pension Scheme pensions administering body for the Council can be found at:

<https://www.oxfordshire.gov.uk/cms/public-site/pensions>

WODC PAY SCALE APRIL 2020							
Grade	NJC SCP	Payroll SYSTEM SCP	NEW 2020 SALARY	2020 Hourly	Service Managers		2020 Salary
Living Wage	LW	LW	£18,328	£9.50	SMM	258	£52,770
	3	11	£18,562	£9.62		259	£53,902
B		12		£0.00		260	£55,039
	4	13	£18,933	£9.81		261	£56,167
C		14		£0.00	SMN	431	£56,934
	5	15	£19,312	£10.01		432	£58,323
		16		£0.00		433	£59,711
	6	17	£19,698	£10.21		434	£61,099
D	7	18	£20,092	£10.41	<b>Service Business Manager</b>		
	8	19	£20,493	£10.62			2020
	9	20	£20,903	£10.83			
	10	20/2	£21,322	£11.05	SBM		£56,211
	11	21	£21,748	£11.27			
E		22	£22,183	£11.50	<b>Deputy Chief Executive/Chief Finance Officer</b>		
		22/2	£22,627	£11.73			2020
		23	£23,080	£11.96			£75,008
		24	£23,541	£12.20			
		24/2	£24,012	£12.45			
		25	£24,491	£12.69	<b>Chief Executive</b>		
		25/2	£24,982	£12.95			2020
	26	£25,481	£13.21			£80,977	

		20	<b>27</b>	£25,991	£13.47	
		21	<b>27/2</b>	£26,511	£13.74	
	F	22	<b>28</b>	£27,041	£14.02	
		23	<b>29</b>	£27,741	£14.38	
		24	<b>30</b>	£28,672	£14.86	
		25	<b>31</b>	£29,577	£15.33	
		26	<b>32</b>	£30,451	£15.78	
G	H	27	<b>33</b>	£31,346	£16.25	<b>Leased Car</b>  <b>Allowances</b>  <u>Amount</u> <u>Grade</u> £2,999          H £3,999          I/J £4,998          K £5,284          L/M/N £6,083          CO
		28	<b>34</b>	£32,234	£16.71	
		29	<b>35</b>	£32,910	£17.06	
30	<b>36</b>	£33,782	£17.51			
	I	31	<b>37</b>	£34,728	£18.00	
		32	<b>38</b>	£35,745	£18.53	
	Lease Car	33	<b>39</b>	£36,922	£19.14	
J Lease Car			34	<b>40</b>	£37,890	£19.64
		35	<b>41</b>	£38,890	£20.16	
		36	<b>42</b>	£39,880	£20.67	
		37	<b>43</b>	£40,876	£21.19	UPDATED NOVEMBER 2020 – SR & 2021 LW April 2021
	K Lease car	38	<b>44</b>	£41,881	£21.71	
		39	<b>45</b>	£42,821	£22.20	
		40	<b>46</b>	£43,857	£22.73	
		41	<b>47</b>	£44,863	£23.25	
		42	<b>48</b>	£45,859	£23.77	
		43	<b>49</b>	£46,845	£24.28	

# Capital Strategy Report 2021/22

## West Oxfordshire District Council

### Summary

The Council has, over the last few years, carried out a very ambitious capital programme which has been financed by internal borrowing. This is reflected in the CFR which has been high for some time while the Council has not taken on any external debt.

Going forward, this internal borrowing is expected to be refinanced, starting with some short term borrowing in the next few months with long term debt expected before the end of 2021/22 and rising from there.

It should be noted that some of the Council's capital plans require external borrowing for service investments which do not provide any cash or returns and the debt required to pay for these will need to be repaid from the Council's ongoing cashflows. This will necessitate a much greater emphasis on cash monitoring and management going forward and ever increasing levels of debt.

### Introduction

This Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

### Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

- For details of the Council's policy on capitalisation, see the Council's accounting policies which are contained within the annual Statement of Accounts:

In 2021/22, the Council is planning new capital expenditure of £20.5m:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions*

	2019/20	2020/21	2021/22	2022/23	2023/24
	actual £m	forecast £m	budget £m	forecast £m	forecast £m
Capital expenditure	11.28	16.41	20.53	11.68	31.32

This capital expenditure covers all areas of the Council's priorities, including the recovery investment strategy endorsed by Council in October 2020 designed to further the Council's priorities, recovery in the district and to provide additional revenue streams to close the Council's funding gap in the medium term financial strategy. Each proposed project within this strategy will be presented to Cabinet and Council along with the business case for consideration.

**Governance:** Service managers will typically bid annually in the autumn to include projects in the Council's capital programme. Bids are collated by the Finance team who calculate the financing cost (which can be nil if the project is fully funded by external contributions). The financing cost is included in the Medium Term Financial Strategy and detailed budgets for the forthcoming financial year.

- For full details of the Council's proposed capital programme see the revenue and budget papers and schedule of capital spend.:

Within the capital programme, individual projects require business cases to be presented to Cabinet and Council for approval before expenditure can be committed.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is as follows:

Table 2: Sources of Capital Funding in £ millions

	2019/20	2020/21	2021/22	2022/23	2023/24
	actual £m	forecast £m	budget £m	forecast £m	forecast £m
External sources	2.31	6.11	0.82	0.62	0.61
Own resources	0.54	1.31	2.75	0.64	0.54
Internal & external borrowing	8.43	8.98	16.97	10.43	30.18
<b>Total</b>	<b>11.28</b>	<b>16.41</b>	<b>20.53</b>	<b>11.68</b>	<b>31.32</b>

Table 2 shows that the Council's plan for borrowing started prior to the current financial year but no external debt has been taken on to date. This is the main driver for the cashflow shortfall now facing the Council which will be resolved by refinancing previous internal borrowing to "catch up" the expected debt position.

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP incorporating use of capital receipts is as follows:

Table 3: Replacement of debt finance in £ millions

	2019/20	2020/21	2021/22	2022/23	2023/24
	actual £m	forecast £m	budget £m	forecast £m	forecast £m
Own resources (MRP)	0.19	0.34	0.40	1.02	1.42

### Minimum Revenue Provision

Before the start of the financial year, a statement of MRP policy for the forthcoming financial year must be approved by Full Council.

The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's (MHCLG's) *Guidance on Minimum Revenue Provision* (the Guidance), most recently issued in 2018.

The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure, which gave rise to the debt, provides benefits.

Where a local authority's overall Capital Financing Requirement (CFR) (see below) is £nil or a negative amount there is no requirement to charge MRP.

Where capital loans and finance leases made to third parties are repaid in annual or more frequent instalments of principal, the Council will not make MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

For all other assets financed by borrowing, the Council will use the Asset Life Method for calculating MRP. Under this method MRP is determined by the life of the asset for which the borrowing is undertaken. This can be calculated by either of the following methods:

- (a) Equal Instalments: where the principal repayment made is the same in each year, or
- (b) Annuity: where the principal repayments increase over the life of the asset.

The annuity method has the advantage of linking MRP to the benefits arising from capital expenditure if these benefits are expected to increase over the life of the asset.

MRP commences in the financial year following that in which the expenditure is incurred or, in the year following that in which the relevant asset becomes operational.

The estimated life of the asset will be determined in the year that MRP commences and will not usually be subsequently revised. However, additional repayments can be made in any year which will reduce the level of payments in subsequent years, unless they are subsequently 'reclaimed' (see last paragraph of this section below).

If no life can be reasonably attributed to an asset, such as freehold land, the life is taken to be a maximum of 50 years. In the case of freehold land on which a building or other structure is constructed, the life of the land will be treated as equal to that of the structure. In exceptional cases, where a Qualified Valuer has estimated the useful life of the asset to be more than 50 years, that useful life will be used.

In instances where central government permits revenue expenditure to be capitalised, the Statutory Guidance sets out the number of years over which the charge to revenue must be made. The maximum useful life for expenditure capitalised by virtue of a direction under s16(2)(b) is 20 years.

The General Fund MRP charge using the above methods is estimated at £344,715 for 2020/21.

A change introduced by the recently revised MHCLG MRP Guidance was that any charges made in excess of the statutory MRP calculated using the above methods (known as Voluntary Revenue provision (VRP) or 'overpayments'), can be 'reclaimed' in later years if deemed prudent by offsetting some or all of the 'overpayments' previously made against the current or future years' MRP. However the MRP cannot be nil or less than nil. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative 'overpayment' made to date.

### Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £15.9 million during 2021/22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2019/20 actual £m	2020/21 forecast £m	2021/22 budget £m	2022/23 forecast £m	2023/24 forecast £m
General fund services	10.10	10.40	11.60	11.00	15.00
Capital investments	6.30	14.11	28.79	37.95	61.86
Total CFR	16.40	24.51	40.39	48.95	76.86

**Asset management:** In 2003 the Council produced an Asset Management Plan as required by the Department of Communities and Local Government. The plan was recognised as a 'good' plan and as a consequence the Council was given the freedom not to produce any further plans. Despite this freedom, the Council recognises that management of the Council's asset base is critical to delivering efficiency savings, enhancing returns from the council assets and ensuring that assets remain in top condition to enable efficient and effective services to be delivered to residents. The Asset Management Plan was updated in 2008 and provided for investments of £10 million in commercial property to generate revenue income to Council. Council have also taken subsequent decisions which have built the Council's investment property portfolio.

The Council's Finance and Management Overview and Scrutiny Committee receives an annual report on the Council's investment property portfolio. In addition, the Council's Audit Committee also receives information on the Council's asset portfolio as part of the financial statements.

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £1.1 million of capital receipts in the coming financial year as follows:

Table 5: Capital receipts in £ millions

	2019/20 actual	2020/21 forecast	2021/22 forecast	2022/23 forecast	2023/24 forecast
Asset sales	0.5	0.4	0.4	0.4	0.4
Leases and Loans	0.5	0.5	0.7	0.8	0.8
<b>TOTAL</b>	<b>1.0</b>	<b>0.9</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>

- The Council is not expecting any capital receipts from the disposal of assets. The receipts in the table above represent receipts from “Right to Buy” asset disposals. The forecasts of these are prudently estimated based on historical trends.
- The lease and loan repayments relate to vehicles purchased for Ubico and loan repayments from Cottsway Housing Association and Southill Solar.
- The Council does not currently intend to make use of the flexibility to use capital receipts on service transformation projects. Instead, the revenue impact of transformational change is funded through the application of revenue earmarked reserves.

### **Treasury Management**

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortfall in cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Historically, the Council has typically been cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. Revenue cash surpluses have been offset against capital cash shortfalls to reduce overall borrowing but this is expected to change in the coming year with the increasing requirement to fund capital.

The Council’s strategy and approach to cash management are discussed in more detail in the Treasury Management Strategy paper.

**Borrowing strategy:** The Council’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. Short term loans are currently available at circa 0.01% while longer term loans carry a minimum cost of 0.95%

Projected levels of the Council’s total outstanding debt which comprises borrowing and leases are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Forecast External Debt and the Capital Financing Requirement in £ millions

	31-Mar-20 Actual £m	31-Mar-21 Estimate £m	31-Mar-22 Forecast £m	31-Mar-23 Forecast £m	31-Mar-24 Forecast £m
Capital Financing Requirement	16.4	24.5	40.4	49.0	76.9
Est External Debt (incl leases)	0.0	4.8	28.1	38.4	66.4

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this.

**Liability benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10 million at each year-end. This benchmark is currently £15.5 million reflecting the fact that the Council is debt free and its cash balances are therefore invested through application of the Treasury Management Strategy. Over the next four years the liability benchmark is between £10.6 and £10.6 million. This indicates that the Council expects to partially fund its borrowing requirement from external borrowing.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m
External debt	0.0	4.8	28.1	38.4	66.4
Liability benchmark	15.5	12.4	12.1	13.0	10.6

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2020/21	2021/22	2022/23	2023/24
	Revised £m	Forecast £m	Forecast £m	Forecast £m
Capital Financing Requirement	24.5	40.4	49.0	76.9
Operational boundary	26.5	42.4	51.0	78.9
<b>Authorised borrowing limit</b>	<b>31.5</b>	<b>47.4</b>	<b>56.0</b>	<b>83.9</b>

- Further details on borrowing can be found in the Treasury Management Strategy.

**Investment Strategy:** Treasury investments arise from receiving cash before it is paid out again.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 9: Treasury management estimate of investment balance at year-end in £millions

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m
Near term investments	21.6	0.2	0.00	0.00	0.00
Longer term investments	26.1	25.6	22.95	21.74	19.77
Investment	47.7	25.8	22.95	21.74	19.77

- Further details on treasury investments can be found in the Treasury Management Strategy.

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Finance Officer and staff, who must act in line with the Treasury Management Strategy approved by Council. Quarterly reports on treasury management activity are presented to the Finance and Management Overview and Scrutiny Committee. The Finance and

Management Overview and Scrutiny Committee is responsible for scrutinising treasury management decisions and also receives monitoring reports against the Council's Prudential Indicators.

### **Investments for Service Purposes**

The Council makes investments to assist local public services, including: making loans to local service providers and local small businesses to promote economic growth or the Council's subsidiaries that provide services. In light of the public service objective, the Council has in the past been willing to take more risk than with treasury investments; however it still plans for such investments to break even or generate a minimal profit after all costs.

**Governance:** Decisions on service investments are made by the Council on advice from the Chief Finance Officer and must comply with the Capital Strategy and Investment Strategy. Most loans are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments can be found in the Investment Strategy.

### **Commercial Activities**

With large cuts expected in central government funding for Council services, the Council has invested in assets, such as commercial property, that are predominantly local in order to generate income streams that support the Council's revenue budget and service delivery.. Total commercial investments are currently valued at £52.1 million with £24.7 million inside the District and £27.4 million outside of the District providing a net return in 2018/19 after costs of 6.33%. Even though some of the investments are outside the District, only £2.8 million of the portfolio are outside of the County. Further information can be found in the report to the Finance and Management Overview and Scrutiny Committee in January 2020 which is available on the Council's website [www.westoxon.gov.uk](http://www.westoxon.gov.uk).

The Council accepts higher risk on commercial investment than with treasury investments in exchange for a higher expectation of financial return. The principal risk exposures include the economic impact of the impending exit from the European Union and changes to the high street, as widely discussed in the media recently. An economic downturn could increase vacancies in commercial lettings, reducing income to the Council, or reduce the capital value of the property. Indeed 2021/22 has seen the Council's budget suffer a £321K drop in commercial income due to the pandemic.

The Council has a Corporate Risk Register which is reported quarterly to the Council's Audit and General Purposes Committee and will include any significant risks arising with regard to its commercial investments.

**Governance:** Decisions on commercial investments are made by the Council in line with the Capital Strategy and Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on commercial investments and limits are set out in the Investment Strategy.

### **Liabilities**

In addition to debt, the Council is committed to making future payments to cover its pension fund deficit (valued at £29.4million). A payment of £4m was made in 2020/21 and our deficit contributions have increased by £120k per annum. An IAS 19 review in March 21 by the actuary will provide an updated assessment of the liability which could alter the contribution rate again. The Council has also set aside £3.5m to cover the financial risks associated with successful appeals to against business rates which result in refunds to businesses.

The Council is a shareholder of Ubico Ltd (one seventh) and is a joint partner in Publica Group (Support) Limited (one quarter). In both cases, should the company overspend the Council would be liable for its share of the additional costs. In both companies, sound financial management, budgetary control and regular reporting to the Council mitigate the risk that additional sums will be required without adequate notice.

**Governance:** Decisions on incurring new discretionary liabilities are taken by Cabinet or Council according to the scale of financial liability. The risk of liabilities crystallising and requiring payment is

monitored by the Finance team and reported in the Statement of Accounts. Where liabilities arise during the year they are reported to Cabinet and Council as part of quarterly performance reports.

### **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of net financing costs to funding

	2020/21 forecast £k	2021/22 budget £k	2022/23 forecast £k	2023/24 forecast £k
Net financing costs	(335)	(216)	405	881
Proportion of funding	(3.0%)	(1.8%)	4.5%	9.3%

- Further details on the revenue implications of capital expenditure are included in the reports to Cabinet on the 2021/22 revenue budget.

**Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 40 years into the future. The Chief Finance Officer is reviewing the proposed capital programme with Cabinet and Council in the context of the Medium Term Financial Strategy being considered by Cabinet and Council in February 2021 which shows that the Council faces some budgetary challenges in the short to medium term due to cuts in Government funding. The Medium Term Financial Strategy covers a 10 year period, and the forecast level of General Fund balance at the end of the Strategy period is forecast to be £4.1m. This forecast general fund reduction is due to assumptions set out within the Medium Term Financial Strategy which include an assumed level of replacement funding by the government and the swift realisation of our proposed investment recovery strategy. Without either of these things, the forecast position will be considerably worse.

### **Knowledge and Skills**

The Council employ (directly or through Publica Ltd), professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Chief Finance Officer and several members of her team are qualified accountants with extensive experience. The Council pays for junior staff to study towards relevant professional qualifications including Chartered Institute of Public Finance and Accountancy (CIPFA), Association of Certified Chartered Accountants (ACCA) and Association of Accounting Technicians.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. The Council employs other specialist consultants to advise upon specific, extra-ordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

The Council has experience of investing in commercial property in recent years. The Council's property service is provided through its strategic service provider Publica Group (Support) Ltd. The team of property officers have the following qualifications:

- BSc Hons Real Estate Management
- Associate Member Royal Institute Chartered Surveyors
- Member Royal Institute Chartered Surveyors
- Royal Institute Chartered Surveyors Registered Valuer
- Member institute welfare & facilities management
- Technical member for institute for occupational safety and health
- Member of chartered institute of marketing

The Council's legal team have experience of carrying out due diligence checks, particularly for commercial property acquisitions, and the legal officers have the following qualifications:

- Fellow of the Charter Institute of Legal Executives (FCIlex)
- Associate Member of the Charter Institute of Legal Executives (FCIlex)
- Solicitors

The Property and Legal teams work together with the Finance team to support the Council's Chief Finance Officer and the Publica Finance Director in developing investment proposals for the Council. External specialist advice is obtained when required to support these teams.

## Investment Strategy Report 2021/22

### West Oxfordshire District Council

#### Summary

West Oxfordshire District Council has previously held significant funds in money market investments and loaned circa ten and a half million pounds to date to enable additional affordable housing in the district and to encourage investment in renewable energy. While government funding was sufficient and the Council was cash rich, the purpose of these investments was primarily to place excess cash in funds that delivered stable but not ambitious returns and in the case of the loans to local businesses, provided a very minimal return above the underlying borrowing rate to allow them to progress shared objectives.

The Council is entering a new phase with regard to its investment programme where it will combine the delivery of the Council's priorities with revenue returns that will help to close the funding gap in the Medium Term Financial Strategy (MTFS). These investments will not solely be for return but the importance of them to our MTFS cannot be underestimated. The creation of a stable and sustainable financial future for the Council is also one of its listed priorities.

In October 2020, Council endorsed a framework investment strategy laying out the criteria in terms of yield and alignment with priorities that any potential investment would be judged on. The Council will be searching for investment opportunities that align with this strategy over the next couple of years so it can deliver this much needed support to our budget over the medium term.

In recognition that a strategy such as this carries risk as well as reward, one of the key criteria outlined in this approach was the need for appropriate governance structures. The Council has already employed additional resource to provide analysis and challenge to project proposals, thereby reducing that risk.

The Council held £40.8m in Treasury investments at 31<sup>st</sup> Dec 2020 (including loans to third parties) but due to the high levels in the past of internal borrowing, most of this will be returned to cash to supplement working capital – this is discussed in greater depth in the Treasury Management Strategy – but the Council will seek to maintain a minimum balance of £10m (excluding loans to third parties) in order to be classified as a professional client under MiFiD 2 classifications. This allows the Council access to a wider range of financial instruments than we would otherwise be able to use. While borrowing remains at a lower rate than these investments are able to earn, the logical strategy is to borrow for capital spend rather than liquidate these funds.

#### Introduction

The Council invests its money for three broad purposes:

- to generate additional revenue from surplus cash as a result of a timing difference in its day-to-day activities. These are referred to as treasury management investments and are typically short to medium term cash funds with high liquidity.
- to support local public services by lending to other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where alongside the achievement of Council priorities, the objective is also to earn a return.).

This Investment Strategy meets the requirements of the statutory guidance on Investments for Local Government which came into effect on 1 April 2018.

#### Treasury Management Investments

In general, the Council receives its income (e.g. from taxes and grants) before it pays for its expenditure (e.g. through payroll and invoices). As a Council Tax 'billing authority' it collects local taxes on behalf of other local authorities and the Police and also holds reserves for future expenditure. These activities typically lead to a cash surplus at various points of the year which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

The balance of treasury management investments is expected to fluctuate between £25.8m and £23m during the 2021/22 financial year.

**Contribution:** The contribution that these investments make to the objectives of the Council is to provide income to fund operational activity in support of the Council's priorities.

**Further details:** Details of the Council's policies and its 2021/22 plan for 2021/22 treasury management investments are covered in a separate document – the Treasury Management Strategy - which is available via the Council's website.

### **Service Investments: Loans**

**Contribution:** The Council lends money to support local public services and stimulate local economic growth. These include loans to organisations and residents within the district which support the priorities of the Council.

**Security:** The main risk when making service loans is that the borrower will be unable to repay the principal loaned and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £

Category of borrower	31.3.2020 actual £			31/12/2020 £	Approved Limit £
	Balance owing	Loss allowance	Net figure in accounts	Balance owing	
Local businesses	500,000	0	500,000	2,500,000	2,500,000
Town/Parish Councils	123,931	0	123,931	153,931	153,931
Housing associations	1,998,099	0	1,998,099	7,912,500	7,912,500
Local residents (Equity Loans)	232,114	0	232,114	232,114	232,114
Employees (Car Loans)	15,763	0	15,763	6,157	16,157
<b>TOTAL</b>	<b>2,869,906</b>	<b>0</b>	<b>2,869,906</b>	<b>10,804,702</b>	<b>10,814,702</b>

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The loans that the Council has made are limited to specific service areas where the risk of non-payment is minimal. There is no history of non-payment and no evidence to suggest that there will be any default against the loans granted. As a result, no allowance for loss has been included against the loan balances. Should any indication be given that there is a risk of default then the risk will be assessed and a provision established at that time. Should a loan default, the Council will make every reasonable effort to collect the full sum lent and recover any overdue repayments.

**Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by undertaking credit checks and ensuring that appropriate legal documentation is in place to secure the Council's money.

The Council also receives independent financial advice on its financial dealings from Arlingclose.

### **Service Investments: Shares**

**Contribution:** The Council has a £1 shareholding in Ubico Ltd. Ubico Ltd is wholly-owned by seven local authorities and operates as a not for profit enterprise. Ubico Ltd is an environmental services company which provides household and commercial refuse collection, recycling, street cleansing, grounds maintenance and fleet maintenance services to the Council.

**Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. The Council has no other shareholdings.

Table 2: Shares held for service purposes in £

Category of company	31.3.2021 actual £			2021/22 £
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Local authority-owned company	1	-	1	1
<b>TOTAL</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>

**Risk assessment:** the Council has not invested into Ubico to generate a financial return. The Council has invested purely to support service provision. Ubico is a cost sharing company – any surplus generated within Ubico Ltd is returned to the partner Councils [shareholders] similarly with any deficit met by the Councils. This means that the Council's investment in Ubico carries with it an obligation to underwrite the costs of the service and that, while a budget is agreed each financial year, the Council must cover in cash any overspend to that budget which relates to the services delivered in West Oxfordshire. This is the material risk in the Ubico investment, not the £1 shareholding. This risk is being mitigated through regular communication with Ubico and the adoption of increasingly collaborative working practices and transparency is being encouraged and sought.

**Liquidity:** the Council has not invested into Ubico to generate a financial return. The Council has invested purely to support service provision. The Council has no intention to sell its investment in the foreseeable future.

**Non-specified Investments:** Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

#### **Commercial Investments: Property**

Investment Property is defined in the CIPFA code of practice on Local Authority Accounting as property (land or building, or both) held solely to earn rentals or for capital appreciation, or both. The Council holds a number of assets which it classifies as Investment Properties.

**Contribution:** The Council invests in Investment Property within West Oxfordshire and outside of the district with the intention of generating a revenue income to support the revenue budget.

Investment Property performance is reported to the Council's Finance and Management Overview and Scrutiny (FMOS) Committee on an annual basis.

Table 3: Valuation of properties held for investment purposes at 31<sup>st</sup> March 2020 in £

Type of property	Within District	Outside District	Within County	Outside County
Investment property	13,197,002	27,385,000	37,787,002	2,795,000
Industrial Estates	11,500,000	0	11,500,000	0
Subtotal	24,697,002	27,385,000	49,287,002	2,795,000
Total held	52,082,002		52,082,002	

The table above shows the value of the properties held by the Council at 31<sup>st</sup> of March 2020. The valuations at 31<sup>st</sup> March 2021 will be assessed by our ongoing valuation process and by external audit. The table shows the geographical split of properties inside the district and outside it and which of those properties are located inside the county. It should be noted that while just over half of the portfolio are outside of West Oxfordshire, virtually all properties are within Oxfordshire itself.

**Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio is made each year as part of the final accounts process. Investment Property is valued at market value.

The fair value of the Council's investment property portfolio is currently less than the purchase price of the assets in a number of cases. The Council's Investment Property is held primarily to generate a stable income stream to support the revenue budget. Should a property be sold, any 'loss' will be recognised at that point. The Council has no immediate plans to dispose of any Investment Property.

**Risk assessment:** The Council aims to generate a revenue return from its Investment Property assets which is greater than the return able to be generated by its Treasury Management activity. It is understood that the fair value of property will fluctuate. The Council assesses the risk of movement in asset values before entering into and whilst holding property investments and aims wherever possible to mitigate the risk by purchasing property with secure tenants on long leases.

**Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the Council has cash funds that can be accessed when they are needed, the Treasury Management Strategy includes the provision of liquid investments should the Council be in need of cash. It is not anticipated that the Council would need to sell any Investment Property at short notice.

### **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council is a shareholder of Ubico Ltd (one seventh) and is a joint partner in Publica Group (Support) Limited (one quarter owner). In both cases, should the company overspend the Council would be liable for its share of the additional costs. In both companies, sound financial management and budgetary control mitigate the risk that additional sums will be required without adequate notice.

### **Proportionality**

The Council is dependent on investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives of the Council is dependent on achieving the expected income from investments over the lifecycle of the Medium Term Financial Strategy. Should it fail to achieve the expected income targets, the Council will be required to draw additional balances from reserves, or generate savings elsewhere within the budget to continue to provide its services.

The table below shows the expected contribution of existing investments but excludes the newly adopted investment strategy since this has yet to be turned into a pipeline of actual investments.

*Table 4: Proportionality of Investments*

	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget
Gross service expenditure*	30,355,974	29,685,995	26,041,746	26,743,618	27,245,871
Treasury Investment income	752,065	525,914	497,114	499,145	500,137
Loans income	38,267	154,086	294,561	288,233	280,486
Shares dividends	0	0	0	0	0
Investment Property Income	3,759,784	3,467,573	3,460,085	3,460,085	3,739,000
Total 'investment' income	4,550,116	4,147,573	4,251,760	4,247,463	4,519,623
Investment income as a proportion of expenditure	14.99%	13.97%	16.33%	15.88%	16.59%

\* Excluding Housing Benefit payments.

## **Borrowing in Advance of Need**

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council has plans to borrow in 21/22 to finance its capital programme but this is partly driven by new capital funding requirements and partly driven by previous spends which the Council has internally borrowed for, using up available working capital cash to defer external borrowing. There are no plans to borrow in advance of need.

## **Capacity, Skills and Culture**

### **Summary of knowledge and skills available to the Council:**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Finance Officer, her deputy and many of her team are experienced qualified accountants.. The Council pays for junior staff to study towards relevant professional qualifications including Chartered Institute of Public Finance and Accountancy (CIPFA), Association of Certified Chartered Accountants (ACCA) and Association of Accounting Technicians (AAT).

Where Council staff do not have the knowledge and skills required or an additional level of expertise is deemed prudent, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. The Council employs other specialists to advise upon specific, extra-ordinary transactions as required. Examples of such transactions include property acquisitions, and loans to third parties. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

The Council has experience of investing in commercial property in recent years. The Council's property service is provided through its strategic service provider Publica Group (Support) Ltd. The team of property officers have the following qualifications:

- BSc Hons Real Estate Management
- Associate - Member Royal Institute Chartered Surveyors
- Member - Royal Institute Chartered Surveyors
- Royal Institute Chartered Surveyors Registered Valuer
- Member - Institute welfare & facilities management
- Technical member - Institute for occupational safety and health

External consultants are also employed as necessary to provide specialist advice on acquisition and management of investment properties.

The Council's legal team have experience of carrying out due diligence checks, particularly for commercial property acquisitions.

The property and legal team work together with the Finance team to support the Council's Chief Finance Officer and the Publica Finance Director in developing investment proposals for the Council. External specialist advice is obtained when required to support these teams.

### **Scrutiny Arrangements:**

The Cabinet will make recommendations to full Council on new investments that are not considered to be covered under the Treasury Management strategy.

Financial Performance is reported quarterly to the Council's three Overview and Scrutiny Committees and to Cabinet. This will include the performance of all income and expenditure against budget.

An annual report on Commercial Property is presented to the Finance and Management Overview and Scrutiny Committee which will include yield; valuation and risk to future revenue. Treasury Management performance is reported regularly to the Council's Finance and Management Overview and Scrutiny Committee and at half-year and year-end to full Council.

The Council's internal audit provider (South West Audit Partnership Ltd) regularly audits the Council's treasury management activity and its processes and procedures for approving investment and performance management. SWAP report to the Council's Audit and General Purposes Committee.

### **Investment Indicators**

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

**Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down.

The Council has issued no guarantees to any third party loans.

*Table 5: Total investment exposure in £*

	31.03.2020 Actual £	31.03.2021 Forecast £	31.03.2022 Forecast £
Total investment exposure			
Treasury management investments	27,347,354	16,039,961	16,039,759
Service investments: Loans	2,869,906	10,321,039	10,113,241
Service investments: Shares	1	1	1
Commercial investments: Property	52,082,002	52,082,002	52,082,002
TOTAL INVESTMENTS	82,299,263	78,443,003	78,235,003
TOTAL EXPOSURE	82,299,263	78,443,003	78,235,003

**How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular loan liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing.

The remainder of the Council's investments are funded by usable reserves and cash balances.

*Table 6: Investments funded by external borrowing in £*

	31-Mar-20	31-Mar-21	31-Mar-22
Service investments: Loans		6,000,000	
Total funded by borrowing		6,000,000	

The £6m included in Table 6 is the refinancing from internal borrowing of loans related to service investment to enable the delivery of affordable homes in the District. Whilst this loan is service related rather than a loan for investment purposes (i.e. lending made specifically to generate a revenue return for the Council), it has been included Table 6 for transparency purposes.

**Rate of return received:** This indicator shows the investment income received, less the associated costs, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred. It is also worth noting that while all of these investments have previously been funded by internal borrowing, and therefore currently have no cost of borrowing associated with them, the expectation is that in the future they will have to be refinanced with external borrowing and the interest rate associated with that will reduce their return accordingly.

**Table 7: Investment rate of return (net of all costs)**

Investments net rate of return	2019/20	2020/21	2021/22
Treasury management	1.84%	1.77%	2.02%
Service investments: Loans			
Local businesses	3.85%	3.85%	3.85%
Town & Parish Councils	1.40%	1.40%	1.40%
Housing associations	3.41%	2.80%	2.80%
Local residents (equity loans)	0.00%	0.00%	0.00%
Employees (car loans)	2.00%	2.00%	2.00%
Service investments: Shares	0.00%	0.00%	0.00%
Commercial investments:	6.79%	6.33%	6.33%

The Councils £1 share in Ubico Ltd is not held to generate any return via a dividend or growth in value. Ubico is a profit sharing company and any savings or surplus generated results in lower contract fees for shareholders.

**WEST OXFORDSHIRE DISTRICT COUNCIL**  
**TREASURY MANAGEMENT STRATEGY STATEMENT**  
**2021/2022**

**Summary**

West Oxfordshire District Council's Treasury position has reached the point during the year 2020/21 where it will need to borrow externally for the first time in many years. This is not due to any unforeseen change in circumstances but rather the steady usage over the last few years of internal borrowing, and therefore working capital cash, to pay for large scale capital spend that would otherwise have been funded by external borrowing. This has returned significant benefits, through revenue surpluses, of interest income on loans we have made to third parties that would otherwise have been offset by interest the Council had to pay. Given that these are mainly service investments or loans made to pursue shared objectives, the net return once hedged by borrowing would have been minimal.

This internal borrowing will need to be refinanced over the next few years. Given the extremely low rate of interest being charged currently on short term borrowing, this will be used where the cash shortfall is a timing difference that can be repaid in the very short term but as we invest further in our capital programme, future spend will be funded from longer term loans and some previous spend will need to be refinanced by them.

Where the Council has been fortunate enough in the past to have had constant cash surpluses providing a buffer to the timing of spends, increasing focus will be placed, going forward, on cash management. Borrowing is not predicted to exceed authorised limits as can be seen from the borrowing limits in the tables below.

Treasury investments that earn less than external borrowing would cost will be returned to cash ahead of any external borrowing being undertaken but the Council will endeavour to maintain an investment balance of £10m which allows us to retain our status under MiFiD 2 criteria as a professional investor. This categorisation allows us access to a wider range of financial instruments than we would otherwise be able to use.

The Finance and Treasury team are in regular dialogue with our Treasury advisors, Arlingclose.

**Introduction**

Treasury Management is the management of the Authority's cash flows, borrowing and treasury investments, and the associated risks. The Authority has substantial invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice 2017 Edition' (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or non-treasury investments, are considered in [Annex H](#), the [Investment Strategy 2021/22](#).

## **I. Economic background**

- I.1. The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22 and aspects of this are discussed in further detail below
- I.2. The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.
- I.3. UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.
- I.4. GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.
- I.5. GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.
- I.6. The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

1.7. Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

## **2. Interest Rate Forecast**

2.1. The Council's treasury management adviser Arlingclose is forecasting that the Bank of England (BoE) Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

2.2. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

2.3. A more detailed economic and interest rate forecast provided by Arlingclose is attached at [Appendix A](#).

## **3. Credit Outlook**

3.1. After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults led to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

3.2. The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

3.3. Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

## **4. Balances**

4.1. On 31st December 2020, the Authority held £40.8m of investments. This is set out in further detail at [Appendix B](#). The pooled funds suffered a loss in capital value earlier in the current financial year but this has been substantially recovered and we are hopeful they will return to their invested value shortly. They are all still delivering returns as can be seen in the first table. Forecast changes in the amount of borrowing and investment are set out in the table below which shows the amounts of reserves and working capital expected to be tied up in treasury investments and loans to third party borrowers. The usable reserves shown comprise the

general fund, capital receipts, earmarked reserves and unapplied grants such as S106 monies as these make up a large proportion of the currently invested balances.

**Table I: Balance sheet internal and external debt summary and forecast**

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m
Capital Financing Requirement	16.4	24.5	40.4	49.0	76.9
Less: External borrowing	0.0	4.8	28.1	38.4	66.4
Internal borrowing offset	16.4	19.7	12.3	10.6	10.4
Usable reserves	38.7	31.0	29.5	26.6	24.5
Working capital invested	25.3	14.5	5.7	5.7	5.7
Investment	47.7	25.8	23.0	21.7	19.8

- 4.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority’s current strategy is to maintain investments below their underlying levels, using the cash for internal borrowing as discussed above.
- 4.3. CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the Council’s total debt should be lower than its highest forecast CFR over the next three years. Table I shows the use of temporary borrowing expected to change the Council’s debt free position before the end of the 2021 financial year and the estimated ongoing use of short and long term debt from there.

## **5. Borrowing Strategy**

- 5.1. The Authority currently does not hold any debt, but it is expected that some temporary borrowing will take place in the latter part of 2020/21. We have forecast that we will be able to repay this short term borrowing in early 21/22. This shortfall in cash has been primarily driven by previous capital expenditure which has been funded from working capital. Further borrowing will be required next year and current indications are that this will be longer term loans to reflect the life of the assets they are funding. . The Authority has an increasing CFR due to the capital programme and is therefore projected to borrow up to £66m in the forecast period. The Authority may borrow to pre-fund future years’ requirements, providing this does not exceed the requested authorised limit for borrowing of £83.9m but there are no current plans to borrow in advance of need.
- 5.2. CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the Authority’s total debt should be lower than its highest forecast CFR over the next three years.
- 5.3. The treasury management function ensures that the Council’s cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.
- 5.4. The Council’s chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the

period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

- 5.5. Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective to use short term borrowing where possible but this should only be done where the cash shortage results from a timing difference and can be paid back in the short to medium term. Care should be taken not to defer long term borrowing past the point where interest rates start to rise again.
- 5.6. By taking advantage of low interest rates where possible, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. There is a potential scenario where the Council would be advised to refinance a proportion of its previous internal borrowing at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 5.7. While the short term plan involves borrowing from other local authorities, if longer term loans were considered appropriate, the preferred option would be to use the Public Works Loan Board (PWLB). The Council will however consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield but the Council's current investment strategy aims to find investments within the local area that deliver the Council's priorities.
- 5.8. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. This does however require a high degree of certainty around the timing of spend.

### **Sources of borrowing:**

The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Oxfordshire County Council Pension Fund)
- capital market bond investors

- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

**Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

**Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

## 6. Treasury Investment Strategy

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £26.3m and £57.5m, and levels are expected to continue to fall as capital increasing amounts are converted to cash to replace previous internal borrowing.

### **Objectives**

Both the CIPFA Code and the CLG Guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

### **Negative interest rates**

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

## Strategy

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council could look to diversify into more secure and/or higher yielding asset classes during 2021/22, if and when required, as it has done so for many years now. The majority of the Council's surplus cash is currently invested in, money market funds and pooled funds. Given the projected shortfall in cash and the imminent borrowing requirement it is unlikely that the Council will be investing in additional funds and indeed, all of the pooled funds are expected to be used for working capital, replacing internal borrowing for previous capital spend. While the Council will seek to maintain some level of investment in money market funds, this will be balanced against the cost of borrowing. While they give a greater return than the cost of borrowing externally, the Council will hold them, but if external borrowing becomes more expensive we may look to use them as liquidity instead.

**Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

**Table 2: Treasury investment counterparties and limits**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£4m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£2m	£10m
Registered providers (unsecured) *	5 years	£3m	£5m
Money market funds *	n/a	£4m	£24m
Strategic pooled funds	n/a	£4m	£20m
Real estate investment trusts	n/a	£3m	£5m
Other investments *	5 years	£1m-£10m	£10m

**Minimum Credit rating** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-.

Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed. If the Registered Provider has no credit rating then due diligence checks through Arlingclose will be carried out beforehand.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic Pooled funds:** Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

**Operational bank accounts:** The Council banks with Lloyds (Lloyds Banking Group). On adoption of this Strategy, it will meet the minimum credit criteria of A- (or equivalent) long term. It is the Council's intention that even if the credit rating of Lloyds Bank falls below the minimum criteria A- the bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements. This would of course be reviewed should the credit rating fall significantly.

**Policy Investments:** The Council provides cash-flow cover for third-party organisations linked to the Council. The following limit is set for 2021/22:-

- Publica Group - £500k up to one year duration
- Ubico - £500k up to one year duration

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £18.5 million on 31st March 2021. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4.6 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table 3: Investment limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£4m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£4m per group
Any group of pooled funds under the same management	£4m per manager
Real Estate Investment Trusts (REITS)	£3m max per REIT
Foreign countries	£2m per country
Registered providers	£15m in total
Unsecured investments with building societies	£2m in total per BS
Money Market Funds	£4m per MMF

**Liquidity management:** The Council uses purpose-built cash flow forecasting software, Logotech, to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

## **Treasury Management Indicators**

The Council measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The portfolio's rating at 31<sup>st</sup> December 2020 was AA- based on our current investments at the time.

Portfolio average credit rating - Target	A
Portfolio average credit rating – Actual 31/12/20	AA-

**Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2021/22	2022/23	2023/24
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

**Principal sums invested for periods longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The value of the long-term principal sum invested to final maturity beyond the period end is currently £26m and based on the Council's imminent need to borrow, there are no short to medium term plans to place higher levels of funds in illiquid investments.

	2020/21	2022/23	2023/24
Limit on principal invested beyond year end	£26m	£26m	£26m

## **Limits to borrowing activity**

**The operational boundary:** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

**The authorised limit for external debt:** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a 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 sustainable in the longer term.

This 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 4 shows the relationship between the CFR and the Operational and Authorised borrowing limits and the Council is asked to approve the Authorised Borrowing Limit in Table 4 below.

Table 4: Forecast CFR, Operational Boundary and Authorised Borrowing Limit:

	2020/21	2021/22	2022/23	2023/24
	Revised £m	Forecast £m	Forecast £m	Forecast £m
Capital Financing Requirement	24.5	40.4	49.0	76.9
Operational boundary	26.5	42.4	51.0	78.9
<b>Authorised borrowing limit</b>	<b>31.5</b>	<b>47.4</b>	<b>56.0</b>	<b>83.9</b>

### Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

**Policy on the use of financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit

**Mifid 2:** Is a legislative framework instituted by the European Union to regulate the financial markets and improve protections for investors. This Council has elected for Professional Client Status which means that to be able to invest in certain investments, it must hold a minimum of £10m in investments. If this falls below the minimum level then access to certain financial market instruments could be made unavailable to this Council. This threshold will be monitored and taken into consideration when evaluating whether to borrow externally or cash in an investment.

**Investment training:** The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and

additionally when the responsibilities of individual members of staff change. Staff will regularly attend training courses, seminars and conferences provided by Arlingclose, CIPFA and other such organisations.

**Investment advisers:** This Council appointed Arlingclose Limited as treasury management advisers back in December 2018 for three years plus the option for a further two years after a joint tender with Cotswold District Council. The Council receives specific advice on investment, debt and capital finance issues.

### **Financial Implications**

The budget for investment income in 2021/22 is £778,600 based on an average investment portfolio of £38.6 million at an interest rate of 2.02%. If actual levels of investments and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

## **Appendix A – Arlingclose Economic & Interest Rate Forecast December 2020**

### **Underlying assumptions:**

- The medium-term global economic outlook remains weak. Second waves of Covid cases have prompted more restrictive measures and further lockdowns in Europe and the UK. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.
- The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise.
- Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4. This forecast was of course produced prior to the introduction of the third lockdown and does not include the likely impact of it.
- Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.
- This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets continue to price in a chance of negative Bank Rate.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the development of a vaccine or if the UK leaves the EU without a deal.

### **Forecast:**

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>3-month money market rate</b>													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5yr gilt yield</b>													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
<b>10yr gilt yield</b>													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>20yr gilt yield</b>													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
<b>50yr gilt yield</b>													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

## Appendix B – Existing Investment Position

	31 <sup>st</sup> Dec 2020 <b>Actual Portfolio £m</b>	31 <sup>st</sup> Dec 2020 <b>Average Rate %</b>
<b>Treasury investments:</b>		
Government (incl. local authorities)	4	0.20%
Money Market Funds	10.95	0.01%
Other pooled funds *	12	2.74%
Corporate bonds and loans	2.5	4.75%
REIT	1	2.00%
Cottsway Housing Association Loan	7.861	2.76%
Southill Solar Ltd	2.5	3.85%
<b>Total treasury investments</b>	<b>40.811</b>	<b>1.77%</b>

\* See individual Pooled Funds below:

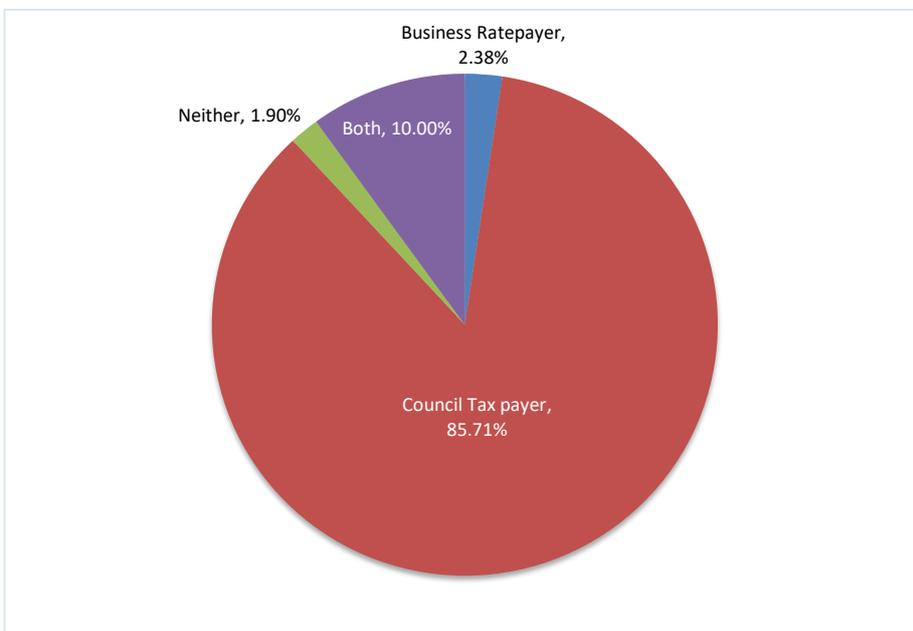
<b>Fund Name</b>	<b>Intial Investment £</b>	<b>Valuation 1st Apr 2020 £</b>	<b>Valuation 31st Dec 2020 £</b>
Payden & Rygel Sterling reserve Fund	2,000,000	2,005,540	2,050,678
Royal London Invest Grade ' Credit Fund	2,000,000	1,933,013	2,018,885
UBS Multi Asset Income Fund	2,000,000	1,665,187	1,871,420
M&G Strategic Corporate Bond Fund	2,000,000	1,865,992	2,132,852
Schroder Income Maximizer Fund	1,000,000	687,135	769,478
Threadneedle UK Equity Fund	1,000,000	778,854	936,686
Aegon/Kames Income Fund	1,000,000	843,371	987,881
CCLA Diversfied Income Fund	1,000,000	911,541	996,254
	<b>12,000,000</b>	<b>10,690,633</b>	<b>11,764,134</b>

## West Oxfordshire District Council Budget consultation 2021/22

Q1 Residents in West Oxfordshire are being asked for their views on the District Council's budget setting strategy.

Are you are a ...

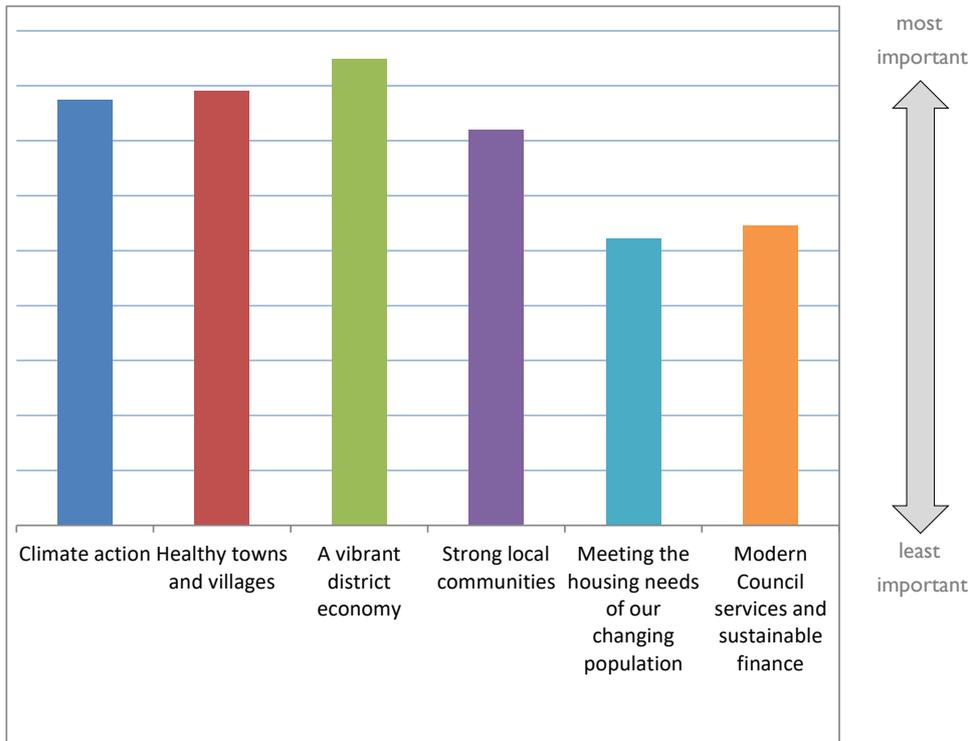
Answered 210 Skipped 1



ANSWER CHOICES	RESPONSES	
Business Ratepayer	2.38%	5
Council Tax payer	85.71%	180
Neither	1.90%	4
Both	10.00%	21
<b>TOTAL</b>		<b>210</b>

**Q2 Council priorities:** The Council has set the following priorities in its Council plan. Please rank them in order of importance.

Answered 211 Skipped 0

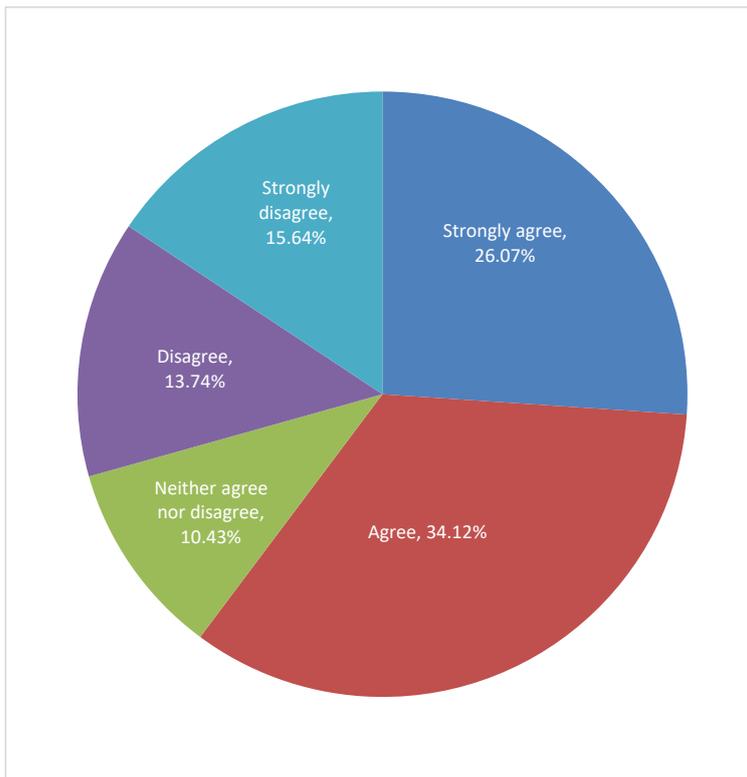


Please rank the priorities in order of importance from 1 to 6, with 1 being the most important.

ANSWER CHOICES	AVERAGE RANKING
Climate action: Protecting and enhancing the environment by taking action locally on climate change and biodiversity	3.1
Healthy towns and villages: Facilitating healthy lifestyles and better well being for everyone	3.0
A vibrant district economy: Securing future economic success by supporting existing local businesses and attracting new businesses	2.8
Strong local communities: Supporting and building prosperous and inclusive local communities	3.4
Meeting the housing needs of our changing population: Securing the provision of market and affordable housing of a high quality	4.4
Modern Council services and sustainable finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council	4.3

**Q3 Council tax:** The Council is considering raising more money to fund services by increasing the total collected across all Council Tax bands. This increase would be equivalent to an increase of £5 or about 5% on band D. West Oxfordshire still has one of the lowest Council Tax charges in the country. Do you think this increase is appropriate?

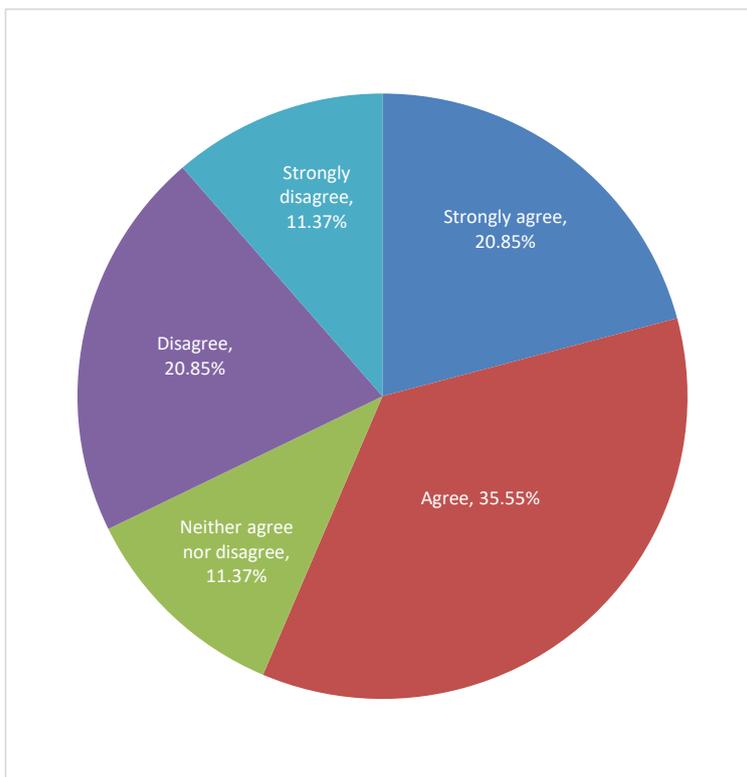
Answered 211 Skipped 0



ANSWER CHOICES	RESPONSES	
Strongly agree	26.07%	55
Agree	34.12%	72
Neither agree nor disagree	10.43%	22
Disagree	13.74%	29
Strongly disagree	15.64%	33
<b>TOTAL</b>		<b>211</b>

**Q4 Fees and Charges:** The Council is proposing to increase discretionary fees and charges (for example charges for licensing/planning etc) by up to 5%. The Garden Waste service would see a flat fee increase of £5 but would remain cheaper than other areas in the County by a considerable margin. Please indicate your views on this proposal.

Answered 211 Skipped 0

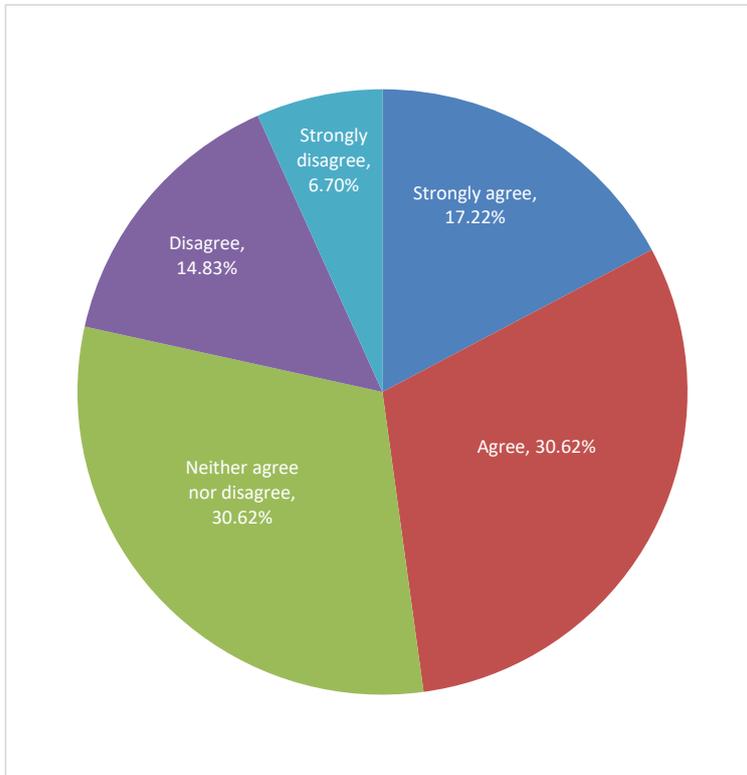


ANSWER CHOICES	RESPONSES	
Strongly agree	20.85%	44
Agree	35.55%	75
Neither agree nor disagree	11.37%	24
Disagree	20.85%	44
Strongly disagree	11.37%	24
<b>TOTAL</b>		<b>211</b>

West Oxfordshire District Council Budget consultation 2021/22

**Q5 Voluntary Bodies:** The Council is not proposing any changes to the budget allocation of £200K of grants to the voluntary sector in 2021/22. Please indicate your views on this proposal.

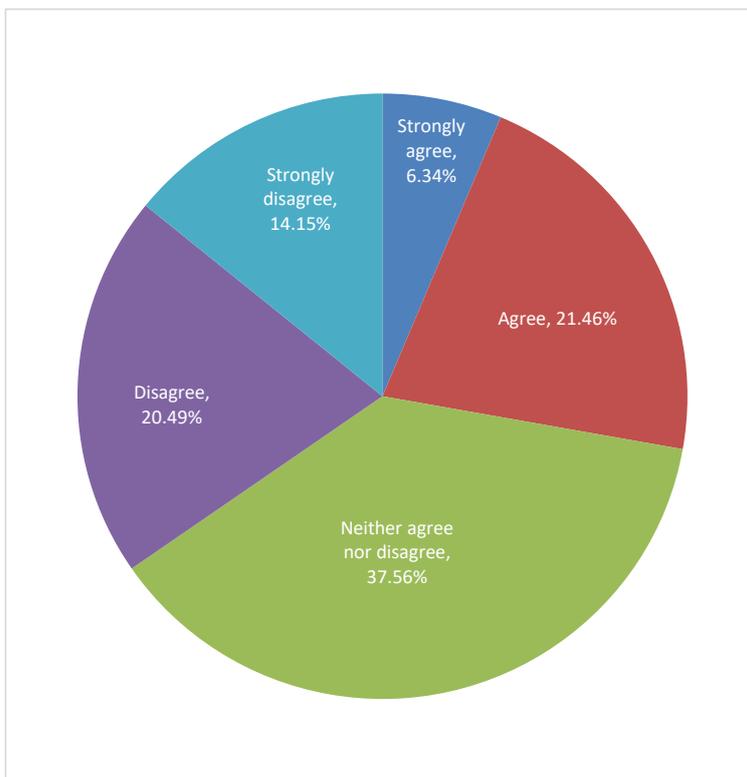
Answered 209 Skipped 2



ANSWER CHOICES	RESPONSES	
Strongly agree	17.22%	36
Agree	30.62%	64
Neither agree nor disagree	30.62%	64
Disagree	14.83%	31
Strongly disagree	6.70%	14
<b>TOTAL</b>		<b>209</b>

**Q6** Parish grants for the cost of local council tax support: The Council has previously provided grant funding of £66K to Town and Parish Councils to ease the impact of the Local Council Tax Support Scheme on their funding. The proposal, in line with other Councils, is to discontinue this. Please indicate your views on this proposal.

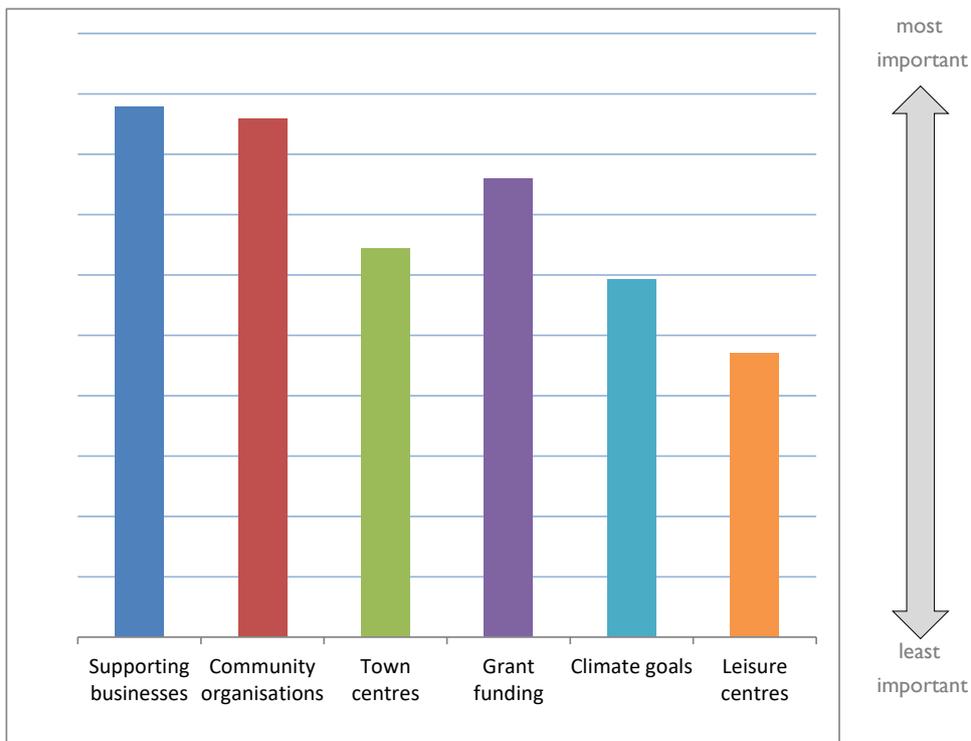
Answered 205 Skipped 6



ANSWER CHOICES	RESPONSES	
Strongly agree	6.34%	13
Agree	21.46%	44
Neither agree nor disagree	37.56%	77
Disagree	20.49%	42
Strongly disagree	14.15%	29
<b>TOTAL</b>		<b>205</b>

**Q7 Covid-19:** The Council is committed to supporting the community not only during the pandemic but also through its recovery. Which of the following aspects of the recovery do you consider the most important?

Answered 211 Skipped 0

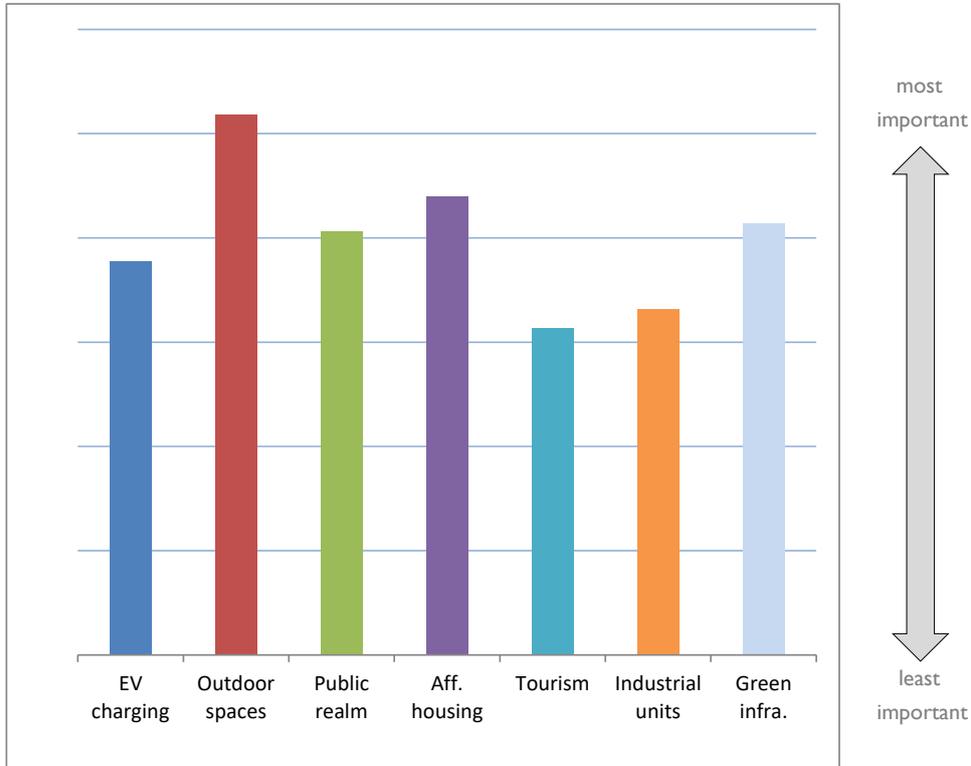


Which of the following aspects of the recovery do you consider the most important - with 1 being the highest priority and 6 the lowest?

ANSWER CHOICES	AVERAGE RANKING
Supporting existing businesses and economic regeneration	2.6
Working with community organisations and supporting vulnerable people	2.7
Making sure that our town centres and businesses are safe to visit	3.8
Helping businesses access grant funding and supporting people in financial hardship	3.2
Ensuring that the recovery work is done in a manner that supports our ongoing climate change goals	4.0
Providing support to allow our leisure centres to reopen when they allowed to do so	4.7

Q8 Spending outside of core services: Outside of core service delivery what should the Council prioritise for any available funding? Please rank the following options.

Answered 211 Skipped 0

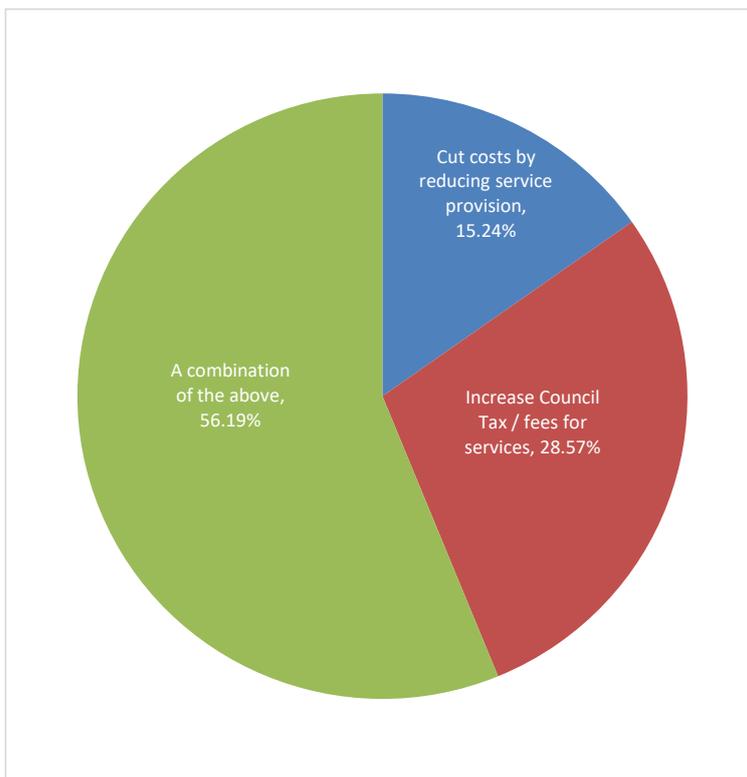


Please rank the following options 1 to 7, with 1 being the highest priority and 7 the lowest.

ANSWER CHOICES	AVERAGE RANKING
Electric vehicle charging points	4.1
Management of public outdoor spaces	2.6
Public realm and car parking improvements in town centres	3.8
Delivery of affordable housing	3.4
Support and development of tourism	4.8
Provision of industrial and commercial units for employment growth	4.6
Provision of green infrastructure to enable the district to become carbon neutral	3.6

**Q9** Future funding: Looking to the future, all Councils are anticipating changes to Government funding which could potentially cause budget deficits. If this were to happen, should West Oxfordshire District Council: cut costs by reducing service provision, increase Council Tax / fees for services or a combination of the above?

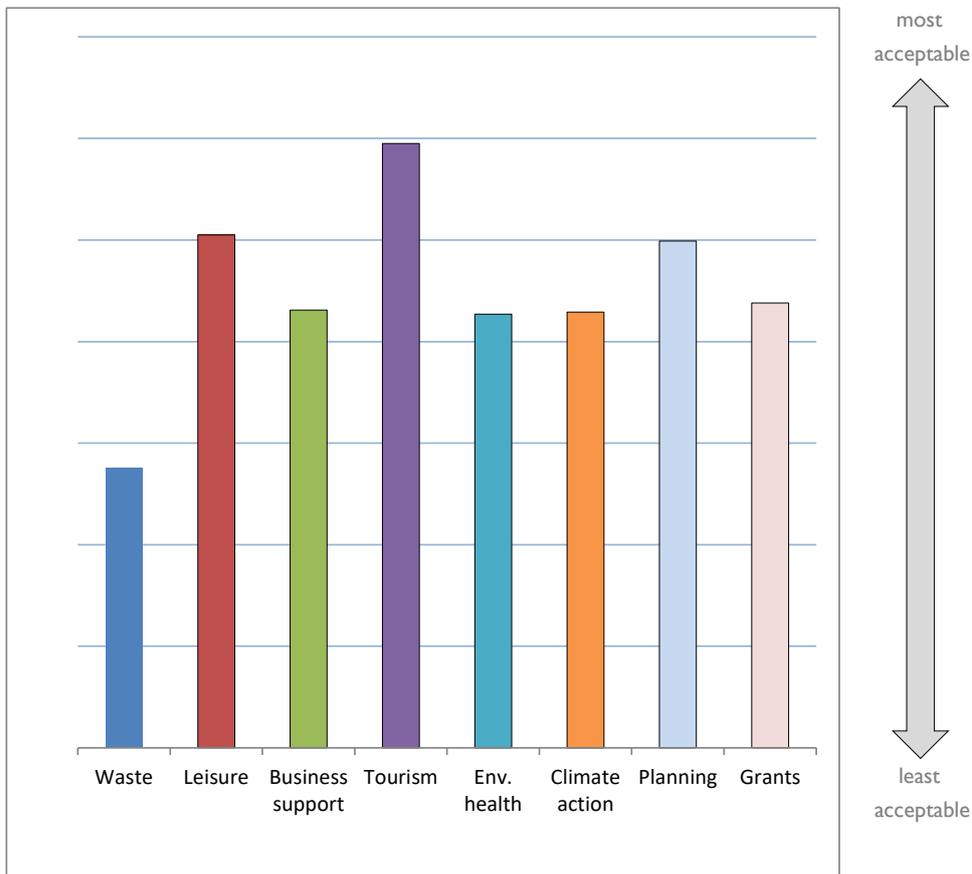
Answered 210 Skipped 1



ANSWER CHOICES	RESPONSES	
Cut costs by reducing service provision	15.24%	32
Increase Council Tax / fees for services	28.57%	60
A combination of the above	56.19%	118
<b>TOTAL</b>		<b>210</b>

Q10 Reducing costs: As a response to reduced income caused by Covid, the Council has trimmed its overhead budgets this year by as much as it can without affecting service provision. If it was forced to make further cuts, which areas should be considered?

Answered 211 Skipped 0

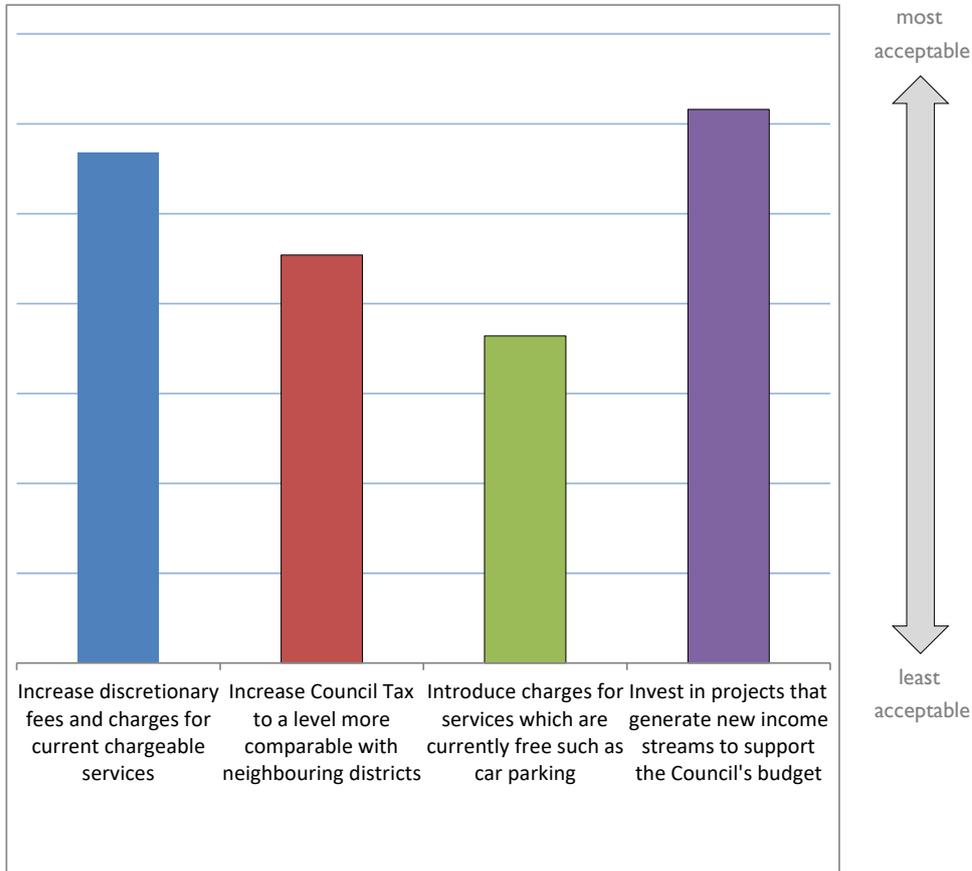


Please rank the areas 1 to 8, with 1 being the most acceptable and 8 the least acceptable.

ANSWER CHOICES	AVERAGE RANKING
Waste and recycling collections	2.7
Leisure services	3.7
Business and economy support	3.9
Tourism services	2.7
Environmental health and licensing	4.6
Climate action	2.8
Planning	3.7
Grants to the voluntary sector	3.9

Q11 Increasing income: The Council can seek to cover any future budget deficits by increasing income. This can be done in a variety of ways. Please rank the following.

Answered 211 Skipped 0



Please rank the following 1 to 4, with 1 being the most acceptable and 4 the least acceptable.

ANSWER CHOICES	AVERAGE RANKING
Increase discretionary fees and charges for current	2.2
Increase Council Tax to a level more comparable with	2.7
Introduce charges for services which are currently free such	3.2
Invest in projects that generate new income streams to	1.9

Q12 Are there any other comments you would like to make on our priorities or any other aspect of the Council's spending and service delivery?

#	RESPONSES
1	Please put the names of the chief officers of the different departments on your website. We expect more transparency over the combining of services among the local councils of West Oxon, Cheltenham and Forest of Dean, and a progress report of how this new system is working.
2	Please require developers to put in place infrastructure such as adequate sewage systems, walking and cycling paths and public transport BEFORE allowing construction of new developments. Please reduce space allocated to parking in our town centres and work with OCC provide alternative, greener ways to travel.
3	It is vital that the council remain focused on the climate/biodiversity emergency, helping the most vulnerable and ensuring our communities are healthy and fully inclusive for all.
4	Development of small business units at Dix pits so that craftsmen & women can make use of articles disposed off to increase recycling and provide business opportunities
5	Please do not introduce car parking to West Oxfordshire, it is vital to have that as an attraction to visitors and locals when shopping and using local services. To introduce a charge would be detrimental, especially when we have lost so many high street stores already. People will not come to use the smaller independent stores if they have to pay to park. By increasing fees for planning to increase Council income, you are targeting the people who can afford to pay, by increasing council tax this affects all residents, many of whom have incurred arrears due to Covid already and will start the new financial year in debt. Don't add to this pressure when you can raise money in other ways.
6	Perhaps someone should start thinking about the state of the roads in West Oxfordshire. they are a disgrace and it doesnt matter how many times ypou attempt to fill in a pothole in torrential rain, just do it properly
7	More social housing needed.
8	Repair roads in rural areas which are becoming dangerous to drive on
9	No
10	Please keep WODC car-parks free! Please stop diving off into non-core fields (eg climate etc)
11	Our village is never gritted but this is a false economy as serious injuries occur putting the NHS under strain or it causes vulnerable people to be housebound. please DONT ignore the safety of our country roads.
12	Potential for improved WODC efficiency not mentioned in survey
13	Use of low risk prisoners or those serving community service orders for picking up rubbish alongside roads. Cleaning up our rivers and fining polluters and litterbugs. Build and manage a hydrotherapy pool for use by disabled people in the district.
14	Yes, please don't increase my council tax charges.
15	At no point in this survey is improving efficiency of council spend mentioned - what is being done to increase the benefit obtained from the existing spend level rather than just raise more cash / cut services?
16	None

## West Oxfordshire District Council Budget consultation 2021/22

### # RESPONSES

- 17 With all the new houses being built in west Oxfordshire you must have a massively increased income due to Council Tax. Where is that all going?
- 18 Encourage business growth, in order to create and generate jobs and wealth for locals.
- 19 Free parking is essential to supporting success of Witney and other Town Centres and shops, especially post Covid.

Income generation should be from residential development, developed profit share to local authority.

Council should seek new initiatives to raise funding, working with local businesses and suppliers - get up a local growth board and or group.

West Oxfordshire needs A40 improvements and direct connections to A34 and key transport sites such as oxford parkway and oxford city.

- 20 Asking the public to decide is a pretty poor management strategy
- 21 Don't introduce car parking charges; the detrimental impact on the beautiful and vibrant communities such as Witney would be massive.
- 22 Salary freeze/reduction for highest paid District Council employees.
- 23 Improving the road surfaces in the area - not just painting new lines to distract from all the failed edges and potholes.
- 24 Improving the road surfaces in the area - not just painting new lines to distract from all the failed edges and potholes.
- 25 No but 'free parking' is our biggest asset.
- 26 resist going to a Unity Authority
- 27 Thanks for your work. Keep up high standards.
- 28 Thank you all for your sustained dedication and hard work.
- 29 Thank you all for your sustained dedication and hard work.
- 30 The green garden bin charge should be progressive rather than flat. It should be based on council tax bands.
- 31 Improve efficiency and reduce waste would also help
- 32 If you look at taking the new estate out of the hands of Remus then most people would be ok with upping council tax but Remus is terrible for the Cala estate and I'd strongly consider not using 3rd party for the Taylor Wimpy estate.
- 33 What a difficult job! I have made the environment the top priority because if the 'experts' are to be believed nothing else will matter soon anyway. I do wish flyaway plastics could be reintroduced to the kerbside recycling collections. Not sure about the removal of local recycling areas though, I hope it doesn't mean there will be more fly tipping - perhaps kerbside recycling need to be able to take large cardboard. I don't understand why planning permission is given in areas that could flood and then when it does tax payers money has to be used to put everything right.
- 34 Purchase decent wheelie bins or train bin men to handle them properly so as the lids don't get ripped off
- 35 quite a few opinions sit between the available options so its a bit of a limiting survey. Can we also look to increase standards where it doesn't cost more - i.e. people taking more care or caring more about their jobs/ roles

## West Oxfordshire District Council Budget consultation 2021/22

### # RESPONSES

- 36 This survey clearly simplifies hugely. I want to see green infrastructure and emphasis on walking and cycling, local business services, better use of existing homes rather than building new. Start dealing with second homes, especially those that are empty.
- 37 Not the most user friendly form.
- 38 As a non-driver I resent subsidising motorists' free parking through my council tax. If you're going to subsidise cars you should at the very least subsidise buses too (and yes you can, there's nothing saying only county councils can support buses).
- 39 Concentrate on rebuilding the High Streets
- 40 Not sure what a 'public realm' is - could you plain English this next time please 😊
- 41 Consider investments in green technology such as power generation- hydro electricity from river, solar and wind.
- 42 Re organise council tax bands - they are totally unfair !
- 43 no
- 44 Thanks for asking. Two things strike me as really important, as a resident and business owner; (1) don't do anything that will make life more difficult for local businesses than it already is and (2) continue to support the local voluntary sector, which is dynamic and saving the Council a fortune!
- 45 question 9 should have an other box. There are options to put in ie being more efficient within the council, using technology more, working at home more, disposing of council offices before reducing provision or increasing council taxes. Look within first before cutting externally.
- 46 The garden waste charges should include collection over the Christmas period. You left them uncollected for over a month this time and Christmas is when we do a lot of the work which fills up those bins
- 47 Take action after consultation not do what was decided prior to consultation
- 48 You could save money by not having someone constantly cleaning/sweeping/leaf blowing your Woodgreen office car park. Also, stop sending out anything by post, use email/internet
- 49 N/a
- 50 Support for residents, while making better use of funds already being collected. Pay cuts for highly paid staff instead of increasing costs to residents.
- 51 Local free parking is the jewel in our crown don't lose it
- 52 Publish the % of households exempt or receive council tax discounts. Together with the number of liability orders requested by WODC
- 53 a new system of council tax banding needs to be introduced. The present system is out of date and in a lot of cases very unfair to the occupants.
- 54 Questions 3, 4 and 5 are misleading because certain answers could mean that someone want greater increases in tax/charges or greater reductions. Impossible to tell which when you are just disagreeing with a statement. Is this intentional?
- 55 Remove all allowances for Counsellors
- 56 Ask the government for more money, they seem to be able to find it for their mates but not for councils who seem to have to cut more and more. I'm sure Mr Courts will be able to help out
- 57 I disagreed with increasing the fee for garden waste collection as I think we need to encourage more people to use it and increasing the cost will have the opposite effect.

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
2021-22

Please e-mail to: [nndr.statistics@communities.gov.uk](mailto:nndr.statistics@communities.gov.uk) by no later than 31 January 2021.  
In addition, a certified copy of the form should be returned by no later than **31 January 2021** to the same email address

**All figures must be entered in whole £**

Please check the validation tabs and supply answers to the validation queries that require a comment

Select your local authority's name from this list:

Authority Name  
E-code  
Local authority contact name  
Local authority contact number  
Local authority e-mail address

West Oxfordshire
E3135
Christopher Kent
01285 623395
chris.kent@cotswold.gov.uk

Ver 1.1

**PART 1A: NON-DOMESTIC RATING INCOME**

**COLLECTIBLE RATES**

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments

£  
**40,810,684**

**TRANSITIONAL PROTECTION PAYMENTS**

2. Sums due to the authority

**202,299**

3. Sums due from the authority

**0**

**COST OF COLLECTION (See Note A)**

4. Cost of collection formula

**168,233**

5. Legal costs

**0**

6. Allowance for cost of collection

**168,233**

**SPECIAL AUTHORITY DEDUCTIONS**

7. City of London Offset : Not applicable for your authority

**0**

**DISREGARDED AMOUNTS**

8. Amounts retained in respect of Designated Areas

**0**

9. Amounts retained in respect of Renewable Energy Schemes (see Note B)

**209,141**

of which:

9a. sums retained by billing authority

**209,141**

9b. sums retained by major precepting authority

**0**

10. Amounts retained in respect of Shale Oil and Gas Sites Schemes (see Note C)

**0**

**NON-DOMESTIC RATING INCOME**

11. Line 1 plus line 2, minus lines 3, 6 - 9 and 10

**40,635,609**

**PART 1B: PAYMENTS****This page is for information only; please do not amend any of the figures**

The payments to be made, during the course of 2021-22 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 West Oxfordshire	Column 3 Oxfordshire County Council	Column 4	Column 5 Total
<b>Retained NDRR shares</b>	£	£	£	£	£
12. % of non-domestic rating income to be allocated to each authority in 2021-22	50%	40%	10%	0%	100%
<b>Non-Domestic Rating Income for 2021-22</b>					
13. Non-domestic rating income from rates retention scheme	20,317,804	16,254,244	4,063,561	0	40,635,609
14. (less) deductions from central share	0				0
15 <b>TOTAL:</b>	20,317,804	16,254,244	4,063,561	0	40,635,609
<b>Other Income for 2021-22</b>					
16. add: cost of collection allowance		168,233			168,233
17. add: amounts retained in respect of Designated Areas		0			0
18. add: amounts retained in respect of renewable energy schemes		209,141	0		209,141
19. add: amounts retained in respect of Shale oil and gas sites schemes		0	0	0	0
20. add: qualifying relief in Designated Areas		0	0	0	0
21. add: City of London Offset		0			0
22. add: in respect of Port of Bristol hereditament		0			0
<b>Estimated Surplus/Deficit on Collection Fund</b>	£	£	£	£	£
23. Surplus/Deficit at end of 2020-21 (including adjustment for three year spread)	-8,596,646	-6,877,316	-1,719,329	0	-17,193,291
<b>TOTAL FOR THE YEAR</b>	£	£	£	£	£
24. Total amount due to authorities	11,721,159	9,754,302	2,344,232	0	23,819,692

**PART 1C: SECTION 31 GRANT (See Note D)****This page is for information only; please do not amend any of the figures**

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 Autumn Statements, 2020 spending review, and 2017 (March and November), 2018 (October) Budgets

	Column 2 West Oxfordshire	Column 3 Oxfordshire County Council	Column 4	Column 5 Total
<b>Multiplier Cap</b>	£	£	£	£
25. Cost of cap on 2014-15, 2015-16 and post-2018-19 and freezing of 2021-22 small business rates multipliers	857,812	211,729	0	1,069,541
<b>Small Business Rate Relief</b>				
26. Cost of doubling SBRR & threshold changes for 2021-22	1,324,191	331,048	0	1,655,239
26a. Additional compensation for loss of supplementary multiplier income	101,276	25,319	0	126,595
27. Cost to authorities of maintaining relief on "first" property	4,306	1,076	0	5,382
<b>Rural Rate Relief</b>				
28. Cost to authorities of providing 100% rural rate relief	12,845	3,211	0	16,056
<b>Supporting Small Businesses Relief</b>				
29. Cost to authorities of providing relief	26,175	6,544	0	32,719
<b>Designated Areas qualifying relief in 100% pilot areas</b>				
30. Cost to authorities of providing relief	0	0	0	0
<b>Telecoms Relief</b>				
31. Cost to authorities of providing relief	0	0	0	0
<b>Local newspaper relief</b>				
32. Cost to authorities of providing relief	0	0	0	0
<b>TOTAL FOR THE YEAR</b>	£	£	£	£
33. Amount of Section 31 grant due to authorities to compensate for reliefs	2,326,605	578,927	0	2,905,532

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**

**2021-22**

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.1

**Local Authority : West Oxfordshire**

**PART 4a: ESTIMATED COLLECTION FUND BALANCE**

**Adjustment for three year spend**

(Please refer to guidance notes for details about these cells.)

**CALCULATION OF EXCEPTIONAL BALANCE**

1. Estimated surplus/deficit for 2020-21 excluding adjustment for 3 year spend (total Part 4 lines 1, 7, 11 & 19)	-17,193,291
2. Prior year surplus/deficit (total Part 4 lines 1, 10 & 18)	-815,425
3. Current total estimate of retail, nursery & local newspaper relief in 2020-21	17,754,406
4. NNDR1 2020-21 estimate of retail discount relief	1,101,714
5. Compensation due to retail, nursery & local newspaper relief (line 3 minus line 4)	16,652,692
6. Exceptional balance (line 1 minus line 2 plus line 5)	274,826
7. Amount to be added to surplus/deficit calculation as "adjustment for 3 year spend"	0

*As exceptional balance is zero or positive, there is no further adjustment to surplus/deficit*

**APPORTIONMENT OF ESTIMATED SURPLUS DEFICIT**

8. Surplus/deficit to be apportioned (Part 4 line 21)	-17,193,291
---	-------------

	Column 1 Central Government	Column 2 West Oxfordshire	Column 3 Oxfordshire County	Column 4	Column 5 Total
	£	£	£	£	£
9. % for distribution of prior year surplus/deficit (ie 2019-20)	50%	40%	10%	0%	100%
9a. Prior year surplus (+)/deficit (-)	-407,713	-326,170	-81,543	0	-815,425
10. % for distribution of in-year surplus/deficit (ie 2020-21)	50%	40%	10%	0%	100%
10a. In-year surplus (+)/deficit (-)	-8,188,933	-6,551,146	-1,637,787	0	-16,377,866
11. % for distribution of spread amount (2020-21)	50%	40%	10%	0%	100%
11a. Spread amount	0	0	0	0	0
<b>12. Total (total lines 9a, 10a, 11a)</b>	<b>-8,596,646</b>	<b>-6,877,316</b>	<b>-1,719,329</b>	<b>0</b>	<b>-17,193,291</b>

## PARISH PRECEPTS AND TAXBASE 2020/21 &amp; 2021/22

PARISH	← TAXBASE →			← PRECEPT →			← BAND D COUNCIL TAX →		
	2020/2021	2021/2022	%	2020/2021	2021/2022	%	2020/2021	2021/2022	%
	No.	No.	CHANGE	£	£	CHANGE	£	£	CHANGE
ALVESCOT	202.03	202.67	0.32	14,436	14,500	0.44	71.45	71.54	0.13
ASCOTT-UNDER-WYCHWOOD	252.92	252.68	(0.09)	22,162	20,000	(9.76)	87.62	79.15	(9.67)
ASTHAL	151.88	154.32	1.61	3,684	3,700	0.43	24.26	23.98	(1.15)
ASTON,COTE,SHIFFORD & CHIMNEY	582.80	589.42	1.14	28,988	29,319	1.14	49.74	49.74	0.00
BAMPTON	1,204.64	1,231.20	2.20	134,349	141,000	4.95	111.53	114.52	2.68
BLACK BOURTON	126.22	122.21	(3.18)	13,119	13,411	2.23	103.94	109.74	5.58
BLADON	391.56	388.08	(0.89)	40,393	40,287	(0.26)	103.16	103.81	0.63
BLENHEIM	24.52	24.68	0.65	0	0	0.00	0.00	0.00	0.00
BRIZE NORTON	380.25	468.06	23.09	25,039	31,256	24.83	65.85	66.78	1.41
BROADWELL	71.06	67.75	(4.66)	497	500	0.60	6.99	7.38	5.58
BRUERN	36.80	37.07	0.73	0	0	0.00	0.00	0.00	0.00
BURFORD	741.55	758.23	2.25	75,542	75,396	(0.19)	101.87	99.44	(2.39)
CARTERTON	5,300.63	5,347.73	0.89	391,929	396,279	1.11	73.94	74.10	0.22
CASSINGTON	318.97	327.54	2.69	14,354	22,050	53.62	45.00	67.32	49.60
CHADLINGTON	379.94	380.56	0.16	14,916	14,916	0.00	39.26	39.19	(0.18)
CHARLBURY	1,336.23	1,339.02	0.21	105,209	106,096	0.84	78.74	79.23	0.62
CHASTLETON	65.29	63.81	(2.27)	0	0	0.00	0.00	0.00	0.00
CHILSON	56.89	57.46	1.00	300	300	0.00	5.27	5.22	(0.95)
CHIPPING NORTON	2,711.99	2,737.46	0.94	312,188	315,055	0.92	115.11	115.09	(0.02)
CHURCHILL & SARSDEN	335.66	341.72	1.81	28,800	31,810	10.45	85.80	93.09	8.50
CLANFIELD	358.75	358.70	(0.01)	19,077	20,000	4.84	53.18	55.76	4.85
COMBE	330.05	335.65	1.70	13,453	13,686	1.73	40.76	40.77	0.02
CORNBURY & WYCHWOOD	27.14	27.58	1.62	0	0	0.00	0.00	0.00	0.00
CORNWELL	27.72	27.96	0.87	0	0	0.00	0.00	0.00	0.00
CRAWLEY	76.41	80.83	5.78	1,833	2,100	14.57	23.99	25.98	8.30
CURBRIDGE & LEV	250.11	309.69	23.82	14,658	17,500	19.39	58.61	56.51	(3.58)
DUCKLINGTON	638.08	635.01	(0.48)	34,001	35,701	5.00	53.29	56.22	5.50
ENSTONE	593.71	579.54	(2.39)	33,056	33,214	0.48	55.68	57.31	2.93
EYNHAM	1,976.23	2,039.58	3.21	124,165	146,200	17.75	62.83	71.68	14.09

## PARISH PRECEPTS AND TAXBASE 2020/21 &amp; 2021/22

PARISH	← TAXBASE →			PRECEPT 2020/2021	PRECEPT 2021/2022	← → % CHANGE	← BAND D COUNCIL TAX →		
	2020/2021	2021/2022	%				2020/2021	2021/2022	%
	No.	No.	CHANGE				£	£	CHANGE
FAWLER	44.34	45.19	1.92	0	0	0.00	0.00	0.00	0.00
FIFIELD	107.85	107.28	(0.53)	5,961	6,000	0.65	55.27	55.93	1.19
FILKINS & BROUGHTON POGGS	215.62	215.14	(0.22)	17,757	18,500	4.18	82.35	85.99	4.42
FINSTOCK	293.40	293.39	(0.00)	22,617	23,287	2.96	77.09	79.37	2.96
FREELAND	667.43	693.37	3.89	62,494	66,005	5.62	93.63	95.19	1.67
FULBROOK	241.93	241.97	0.02	7,383	4,692	(36.45)	30.52	19.39	(36.47)
GLYMPTON	39.60	42.48	7.27	0	0	0.00	0.00	0.00	0.00
GRAFTON & RADCOT	31.77	31.25	(1.64)	0	0	0.00	0.00	0.00	0.00
GREAT TEW *	88.23	89.94	1.94	149	149	0.00	1.69	1.66	(1.78)
HAILEY	491.60	499.88	1.68	34,669	35,266	1.72	70.52	70.55	0.04
HANBOROUGH	1,321.14	1,352.42	2.37	92,295	94,481	2.37	69.86	69.86	0.00
HARDWICK WITH YELFORD	52.51	52.35	(0.30)	0	0	0.00	0.00	0.00	0.00
HEYTHROP	69.12	65.49	(5.25)	1,190	1,200	0.84	17.22	18.32	6.39
HOLWELL	25.47	25.31	(0.63)	0	0	0.00	0.00	0.00	0.00
IDBURY	74.16	74.79	0.85	0	700	0.00	0.00	9.36	0.00
KELMSCOTT	42.92	40.81	(4.92)	0	0	0.00	0.00	0.00	0.00
KENCOT	64.30	63.34	(1.49)	0	0	0.00	0.00	0.00	0.00
KIDDINGTON WITH ASTERLEIGH	52.46	54.95	4.75	0	0	0.00	0.00	0.00	0.00
KINGHAM	392.15	390.32	(0.47)	27,606	29,288	6.09	70.40	75.04	6.59
LANGFORD	158.83	155.62	(2.02)	3,954	8,000	102.33	24.89	51.41	106.55
LEAFIELD	372.18	372.79	0.16	61,945	61,945	0.00	166.44	166.17	(0.16)
LITTLE FARINGDON	40.58	41.68	2.71	0	0	0.00	0.00	0.00	0.00
LITTLE TEW	102.41	104.62	2.16	1,295	1,300	0.39	12.65	12.43	(1.74)
LYNEHAM	87.71	88.89	1.35	0	0	0.00	0.00	0.00	0.00
MILTON-UNDER-WYCHWOOD	754.25	766.01	1.56	48,958	50,000	2.13	64.91	65.27	0.55
MINSTER LOVELL	647.36	636.22	(1.72)	37,439	42,691	14.03	57.83	67.10	16.03
NORTH LEIGH	828.40	891.59	7.63	40,563	30,000	(26.04)	48.97	33.65	(31.28)
NORTHMOOR	185.95	185.68	(0.15)	4,048	4,000	(1.19)	21.77	21.54	(1.06)
OVER NORTON	198.11	196.69	(0.72)	20,803	20,805	0.01	105.01	105.78	0.73

\* no return provided - estimated at 20/21 levels

## PARISH PRECEPTS AND TAXBASE 2020/21 &amp; 2021/22

PARISH	← TAXBASE →			← PRECEPT →			← BAND D COUNCIL TAX →		
	2020/2021	2021/2022	%	2020/2021	2021/2022	%	2020/2021	2021/2022	%
	No.	No.	CHANGE	£	£	CHANGE	£	£	CHANGE
RAMSDEN	179.11	182.04	1.64	16,610	20,275	22.07	92.74	111.38	20.10
ROLLRIGHT	243.84	244.73	0.36	11,500	12,006	4.40	47.16	49.06	4.03
ROUSHAM	25.86	25.91	0.19	0	0	0.00	0.00	0.00	0.00
SALFORD	129.16	125.01	(3.21)	6,621	6,750	1.95	51.26	54.00	5.35
SANDFORD ST MARTIN	149.69	144.97	(3.15)	9,468	6,790	(28.28)	63.25	46.84	(25.94)
SHILTON	282.67	287.62	1.75	7,914	6,600	(16.60)	28.00	22.95	(18.04)
SHIPTON-UNDER-WYCHWOOD	657.89	675.69	2.71	35,240	36,332	3.10	53.57	53.77	0.37
SOUTH LEIGH	167.23	167.11	(0.07)	7,272	7,766	6.79	43.49	46.47	6.85
SPELSBURY	148.98	149.84	0.58	6,718	7,833	16.60	45.09	52.28	15.95
STANDLAKE	664.41	665.66	0.19	24,698	25,000	1.22	37.17	37.56	1.05
STANTON HARCOURT	420.02	447.71	6.59	21,784	25,000	14.76	51.86	55.84	7.67
STEEPLE BARTON	582.81	592.59	1.68	20,773	21,560	3.79	35.64	36.38	2.08
STONESFIELD	685.75	688.86	0.45	31,960	33,993	6.36	46.61	49.35	5.88
SWERFORD	88.12	89.30	1.34	3,163	3,200	1.17	35.89	35.83	(0.17)
SWINBROOK & WIDFORD	96.85	91.47	(5.55)	1,490	1,500	0.67	15.38	16.40	6.63
TACKLEY	460.99	480.03	4.13	26,046	27,122	4.13	56.50	56.50	0.00
TAYNTON	78.03	78.53	0.64	3,989	4,000	0.28	51.12	50.94	(0.35)
WESTCOT BARTON	86.87	82.68	(4.82)	996	1,000	0.40	11.47	12.09	5.41
WESTWELL	48.27	47.47	(1.66)	0	0	0.00	0.00	0.00	0.00
WITNEY **	10,548.84	10,638.06	0.85	1,628,699	1,691,877	3.88	154.40	159.04	3.01
WOODSTOCK	1,559.98	1,563.18	0.21	98,842	122,800	24.24	63.36	78.56	23.99
WOOTTON	288.79	295.45	2.31	8,723	8,801	0.89	30.21	29.79	(1.39)
WORTON	49.25	48.38	(1.77)	0	0	0.00	0.00	0.00	0.00
<b>TOTAL TAXBASE (No.)</b>	<b>44,285.22</b>	<b>44,917.96</b>	<b>1.43</b>						
<b>TOTAL PRECEPT (£)</b>				<b>3,929,780</b>	<b>4,092,790</b>	<b>4.15</b>			
<b>AVERAGE 'BAND D' COUNCIL TAX (£)</b>							<b>88.74</b>	<b>91.12</b>	<b>2.68</b>

\*\* estimate provided , subject to confirmation

## Summary of Prudential Indicators

### Indicators contained within the Capital Strategy

Table 1 : Estimates of Capital Expenditure in £millions

	2019/20 Actual £	2020/21 Forecast £	2021/22 Budget £	2022/23 Forecast £	2023/24 Forecast £
Capital expenditure	11.28	16.41	20.53	11.68	31.32

Table 2 : Sources of Capital Funding in £millions

	2019/20 Actual £	2020/21 Forecast £	2021/22 Budget £	2022/23 Forecast £	2023/24 Forecast £
External sources	2.31	6.11	0.82	0.62	0.61
Own resources	0.54	1.31	2.75	0.64	0.54
Internal & external borrowing	8.43	8.98	16.97	10.43	30.18
<b>Total</b>	<b>11.28</b>	<b>16.41</b>	<b>20.53</b>	<b>11.68</b>	<b>31.32</b>

Table 4 : Estimates of Capital Financing Requirement in £millions

	2019/20 Actual £	2020/21 Forecast £	2021/22 Budget £	2022/23 Forecast £	2023/24 Forecast £
General Fund services	10.10	10.40	11.60	11.00	15.00
Capital investments	6.30	14.11	28.79	37.95	61.86
<b>Total CFR</b>	<b>16.40</b>	<b>24.51</b>	<b>40.39</b>	<b>48.95</b>	<b>76.86</b>

Table 6 : Forecast External Debt and the Capital Financing Requirement in £millions

	31-Mar-20 Actual £m	31-Mar-21 Estimate £m	31-Mar-22 Forecast £m	31-Mar-23 Forecast £m	31-Mar-24 Forecast £m
Capital Financing Requirement	16.4	24.5	40.4	49.0	76.9
Est. External Debt (incl leases)	0.0	4.8	28.1	38.4	66.4

Table 7 : Borrowing and the Liability Benchmark in £millions

	31-Mar-20 Actual £m	31-Mar-21 Estimate £m	31-Mar-22 Forecast £m	31-Mar-23 Forecast £m	31-Mar-24 Forecast £m
External debt	0.0	4.8	28.1	38.4	66.4
Liability benchmark	15.5	12.4	12.1	13.0	10.6

Table 8 : Authorised Limit and operational boundary for external debt in £m

	2020/21 Revised £m	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m
Capital Financing Requirement	24.5	40.4	49.0	76.9
Operational Boundary	26.5	42.4	51.0	78.9
<b>Authorised Borrowing Limit</b>	<b>31.5</b>	<b>47.4</b>	<b>56.0</b>	<b>83.9</b>

Table 10 : Proportion of net financing costs to funding

	2020/21 Forecast £k	2021/22 Budget £k	2022/23 Forecast £k	2023/24 Forecast £k
Net financing costs	(335)	(216)	405	881
Proportion of funding	(3.0%)	(1.8%)	4.5%	9.3%

## Indicators contained within the Treasury Management Strategy

Table 3 : Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£46m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£46m per group
Any group of pooled funds under the same management	£45m per manager
Real Estate Investment Trusts (REITS)	£3m max per REIT
Foreign countries	£24m per country
Registered providers	£15m in total
Unsecured investments with building societies	£25m in total per BS
Money Market Funds	£46m per MMF
Any single organisation, except the UK Central Government	£46m each
UK Central Government	unlimited

**Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The portfolio's rating at 31st December 2020 was AA- based on our current investments at the time.

Portfolio average credit rating - Target	TargetA
Portfolio average credit rating - Actual 31/12/20	AA-

**Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2021/22	2022/23	2023/24
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

**Principal sums invested for periods longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The value of the long-term principal sum invested to final maturity beyond the period end is currently £26m and based on the Council's imminent need to borrow, there are no short to medium term plans to place higher levels of funds in illiquid investments.

	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£26m	£26m	£26m

### **Limits to borrowing activity**

**The operational boundary:** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

**The authorised limit for external debt:** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a 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 sustainable in the longer term.

This 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 4 : Forecast CFR, Operational Boundary and Authorised Borrowing Limit*

	2020/21 Revised £m	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m
Capital Financing Requirement	24.5	40.4	49.0	76.9
Operational Boundary	26.5	42.4	51.0	78.9
<b>Authorised Borrowing Limit</b>	<b>31.5</b>	<b>47.4</b>	<b>56.0</b>	<b>83.9</b>

## Indicators contained within the Investment Strategy

Table 1 : Loans for Service Purposes in £

Category of Borrower	31.3.2020 actual £			31/12/2020 £	Approved Limit £
	Balance owing	Loss allowance	Net figure in accounts	Balance owing	
Local businesses	500,000	0	500,000	2,500,000	2,500,000
Town / Parish Councils	123,931	0	123,931	153,931	153,931
Housing associations	1,998,099	0	1,998,099	7,912,500	7,912,500
Local residents (Equity Loans)	232,114	0	232,114	232,114	232,114
Employees (Car Loans)	15,763	0	15,763	6,157	16,157
<b>TOTAL</b>	<b>2,869,906</b>	<b>0</b>	<b>2,869,906</b>	<b>10,804,702</b>	<b>10,814,702</b>

Table 2 : Shares Held for Service Purposes in £

Category of company	31.3.2021 actual £			2021/22 Approved Limit £
	Amounts invested	Gains or losses	Value in accounts	
Local authority-owned company	1	-	1	1
<b>TOTAL</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>

Table 3 : Valuation of Properties Held for Investment Purposes as at 31<sup>st</sup> March 2020 in £

Type of Property	Within District	Outside District	Within County	Outside County
Investment Property	13,197,002	27,385,000	37,787,002	2,795,000
Industrial Estates	11,500,000	0	11,500,000	0
Subtotal	24,697,002	27,385,000	49,287,002	2,795,000
<b>Total held</b>	<b>52,082,002</b>		<b>52,082,002</b>	

Table 4 : Proportionality of Investments

	2019/20 Actual	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget
Gross service expenditure*	30,355,974	29,685,995	26,041,746	26,743,618	27,245,871
Treasury Investment income	752,065	525,914	497,114	499,145	500,137
Loans income	38,267	154,086	294,561	288,233	280,486
Investment Property income	3,759,784	3,467,573	3,460,085	3,460,085	3,739,000
<b>Total 'investment' income</b>	<b>4,550,116</b>	<b>4,147,573</b>	<b>4,251,760</b>	<b>4,247,463</b>	<b>4,519,623</b>
Investment income as a proportion of expenditure	14.99%	13.97%	16.33%	15.88%	16.59%

\*Excluding Housing Benefit payments

Table 5 : Total investment exposure in £

<b>Total investment exposure</b>	<b>31.03.2020 Actual £</b>	<b>31.03.2021 Forecast £</b>	<b>31.03.2022 Forecast £</b>
Treasury management investments	27,347,354	16,039,961	16,039,759
Service investments : Loans	2,869,906	10,321,039	10,113,241
Service investments : Shares	1	1	1
Commercial investments : Property	52,082,002	52,082,002	52,082,002
<b>TOTAL INVESTMENTS</b>	<b>82,299,263</b>	<b>78,443,003</b>	<b>78,235,003</b>
<b>TOTAL EXPOSURE</b>	<b>82,299,263</b>	<b>78,443,003</b>	<b>78,235,003</b>

Table 6 : Investments funded by external borrowing in £

<b>Investments funded by borrowing</b>	<b>31.03.2020 £</b>	<b>31.03.2021 £</b>	<b>31.03.2022 £</b>
Service investments : Loans	0	6,000,000	0
<b>Total funded by borrowing</b>	<b>0</b>	<b>6,000,000</b>	<b>0</b>

Table 7 : Investment rate of return (net of all costs)

<b>Investments net rate of return</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Treasury management	1.84%	1.77%	2.02%
Service investments : Loans			
Local businesses	3.85%	3.85%	3.85%
Town / Parish Councils	1.40%	1.40%	1.40%
Housing associations	3.41%	2.80%	2.80%
Local residents (Equity Loans)	0.00%	0.00%	0.00%
Employees (Car Loans)	2.00%	2.00%	2.00%
Service investments : Shares	0.00%	0.00%	0.00%
Commercial Investments	6.79%	6.33%	6.33%

## **Report of the Chief Finance Officer on the robustness of the budget estimates, adequacy of the Council's reserves and risk**

### **Introduction**

Section 25 of the Local Government Act 2003 places a duty on the Chief Financial Officer to make a report to the Council on the robustness of the budget estimates and the adequacy of the Council's reserves. The Council must have regard to this report when making its decisions about budgets and council tax for the forthcoming year.

### **Robustness of Budget Estimates**

In a similar vein to last year, the Council's financial position for the coming budget year (2021/22) has improved significantly due to the delay in the implementation of the changes to local government funding. We were anticipating both the reset of business rates and the loss of New Homes Bonus. Both of these things have been deferred although the expectation is that the deferral is a one year gift and the sharp drop off in funding that these will cause has been forecast in the MTF5 to take effect from 2022/23, causing an overall funding loss of £4m and a consequential budget gap of £2.8m.

In the middle of the 2020/21 financial year, West Oxfordshire District Council (WODC) undertook an extensive financial reforecasting exercise in an attempt to capture and clarify the effects of the Covid pandemic. That detailed forecast has proven fairly accurate so far which is testament to the realism and the control that business managers have over their sections of the budget. The meetings were repeated towards the end of last year where each budget line was reviewed for 2021/22 and any savings that could be made, no matter how small, were made. For the most part, these were small legacy budget items where departments had been allocated a minor budget for printing or postage or other small equipment or consumables. Where these could be removed without impacting service delivery they were. Some of this saving has been generated by the move away from paper to electronic communication and the overall impact was a reduction in overhead budget of circa £300k. This still represents only a 2% reduction in our net revenue budget but shows the extent to which any and all efficiency savings have been made.

In setting the budget for Publica, only the lowest paid staff have been awarded pay rises. This is in line with the Public Sector pay freeze announced by the government in its spending review. Publica has also been set a savings target for 2021/22 of a further £193k. Publica is nearing the end of its planned transformation programme and this takes the total value of savings targets imposed on Publica since its inception to over £2m.

Ubico have taken the same stance on wages and we are in the process of creating and implementing a transformation programme with them to deliver efficiencies and savings. This plan will be ready for review in the first quarter of 2021/22.

The Publica and Ubico contract costs make up the bulk of WODC's budgeted expenditure.

While expenditure can, for the most part, be monitored closely and controlled carefully, the larger risk in our budget not only this year but in coming years is income and government funding. The issue around government funding has been discussed above. The issue of income is a difficult one in the context of the current pandemic. The Council relies on almost £1.5m per annum of income from its leisure centres and £3.4m in commercial income. Both of these areas have been impacted by the pandemic and the long term effects are still unclear.

For the leisure centres, an agreement was reached with GLL, our leisure operator to provide support to them through 2020/21. This agreement capped our exposure in the current financial year with the expectation that by spring 2021, things would be returning to some semblance of normality. The local team at GLL have been incredibly good at managing through the restrictions and minimising losses – and indeed, proved towards the end of last year that the centres can break even under tier three restrictions. On this basis, the budget has been set with no expectation of income but equally, no expectation of additional support. While we don't know how long the current lockdown will last, based on the terms of the support agreement previously reached and the hope of additional government support for the sector, this is felt to be a reasonable budgetary expectation although

clearly as the situation develops it could prove to either be overly prudent or an underestimation. Discussions with GLL on the coming year are progressing well. The additional risk to the leisure operations is in the changing attitudes of customers to leisure provision in a time when many have found alternative ways to exercise and have faced long periods of uncertainty around access to facilities and the appearance of competitors entering the market with tailored offerings.

Commercial income has been affected by successive lockdowns with many businesses struggling. Each tenant has had an individual discussion with our Commercial Property team and, where appropriate, agreements have been made to defer or adjust rental payments. The budget has been set on the basis of these actual agreements and therefore is a realistic current assessment of our income expectations but in the context of the current pandemic, this situation could change.

Fees and charges have been increased by circa 5% across the board, with the exception of the Garden Waste fee which has a proposed increase of £5 but expectations of the income generated from these fees has been set in each budget line in consultation with the business managers for that section and making allowance for Covid impact.

It's as yet unclear what impact the UK's exit from the European Union will have on our budget. So far there appears to be a minimal direct impact but there could be a knock on effect as it impacts local businesses and residents. Consideration of it on our investment income is dealt with the Treasury Management Strategy at **Annex I**. One of the key risks here is that investments that lost capital value during the first lockdown and have been recovering subsequently, take further losses that prove unrecoverable. This situation is being closely monitored.

Provision of £3.5m has been made for business rates appeals. This provision has been calculated on the same basis as in previous years but it is an estimated provision and the risk exists that it is either overly prudent or inadequate.

The budget for 2021/22 has been prepared in an environment of unprecedented uncertainty. The expectations we had for the resolution of the pandemic last year have been proven wrong so there cannot be absolute certainty that our current expectations are correct. We are clearly dealing with a situation that is beyond our control.

The approaches taken though have been detailed, prudent and diligent so I can comfortably say that the budget is as robust as it is possible to make it in the current circumstances and will be monitored carefully through the coming financial year. There is an additional risk that some of the proposals within the budget designed to maximise revenue and minimise expenditure in order to protect core services and council priorities are not adopted but that is for Cabinet and Council to form an opinion on with reference to this report.

We are in a good position to deal with unexpected budgetary impacts in the short term but we should continue to be cautious around any additional spending while keeping a close monitor on our results against this budget.

**I can confirm that the budget estimates as presented are both prudent and robust.**

### **Adequacy of the Council's Reserves**

The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance on local authority reserves and balances. It sets out three main purposes for which reserves are held:

1. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary borrowing.
2. A contingency to cushion the impact of unexpected events or emergencies.
3. A means of building up funds to meet known or predicted liabilities, known as earmarked reserves.

The Council is forecast to hold general fund balances of £13.68m at the 31<sup>st</sup> of March 2021. This is an enviable position compared to many Councils but only short term comfort can be derived from it.

The MTFS at **Annex A** shows the clear expected erosion of this balance over the medium term. The nature of government funding which is currently confirmed in single year allocations means that much emphasis is placed on the expected outcome of the next financial year. The MTFS is designed to look beyond that horizon so that longer term action can be taken.

The latest guidance from CIPFA and, logic dictates good practice, is to look not only at the amount of reserves held but also the rate of depletion. The expected loss of government funding in 2022/23 is £4m and clearly, even with reserves of almost £14m, that gap cannot be funded for more than a few years.

In the previous presentation to Council of the MTFs, there were “unidentified savings” which built over the next few years to a £5m reduction in our budget. These related to the as yet unidentified commercial strategy, increases in fees and charges and the possibility of additional savings from our overhead budget and commercial partners such as Publica and Ubico.

As discussed above, Publica is nearing the end of its transformation programme so while it has been tasked with a new savings target of £190k this year, it’s unlikely that significantly more savings can be found without cuts to services. Ubico is working with Publica officers and Cabinet members to come up with a transformational plan, considering new ways of working, to reduce its costs and therefore the amount that the Council has to pay each year and the hope is that this will deliver material savings but these have yet to be identified and costed.

On this basis, the “unidentified savings” line has been removed from the MTFs.

The Council endorsed an investment strategy which would see WODC investing £74m over the next three years in order to further Council priorities and generate additional revenue to help close our budget gap. This has been included in the MTFs but comes with significant risk as although various discussions are underway, no suitable investment projects have yet been brought to fruition. The Council has recently employed a new Head of Bids who will help to review propositions in order to realise this strategy and to endeavour to win additional grant funding for the Council to support both our revenue budget and the delivery of additional services and support to the community at a time when our budget has no further capacity. An additional post was approved along with the framework investment strategy which will coordinate due diligence on large scale investments and manage delivery of them. This role is expected to be filled in the first quarter of 2021/22.

The MTFs also assumes some level of replacement of government funding. The forecast reduction is £4m with an estimated replacement of £1.5m. This is not an unrealistic expectation in the circumstance but is far from certain. We await the Govt Fair Funding Review for an indication of future support but clearly, if this does not materialise then the decline of the general fund will be faster. The reset of business rates and the removal of New Homes Bonus particularly disadvantage councils with a growing taxbase and an active housing development plan. It also impacts district councils more than for example county councils because of the different profile of funding streams so while it’s unlikely that the government would allow such an impact to be felt without replacement, it’s by no means guaranteed as it doesn’t affect all councils equally.

Another risk on the MTFs as presented is that the level of borrowing, from a current position of no external debt, is forecast to increase significantly and keep rising. Where this borrowing relates to the investment strategy, the income from this will cover not only the repayment of principal and interest but contribute positively to the council’s budget, but where this is capital spend for service delivery, such as waste vehicles or our Council priorities (broadband rollout, electric vehicle charging points) no additional income is generated to repay the debt and this becomes an impact on our cashflow and revenue budget that can last beyond the span of the current MTFs forecast, depending on the term of the debt. This reliance on borrowing, the covenants governing it and the requirement to closely manage cash to ensure that sufficient balances are available to meet our commitments will require a much increased focus on cashflow forecasting and management.

While our reserves are adequate, they are not infinite and even the current plans which have had significant savings and income generation factored into them will see those reserves eroded in the medium term. Much care must be taken to ensure that the investment strategy is realised, to regularly reforecast our long term position and to resist any unnecessary spend, especially that incurring additional long term debt.

**I can confirm that the level of reserves is currently adequate however they are being eroded even without any expectation of additional budget growth and the rate of erosion is dependent on additional income that is not entirely within our control. Regular review is required to ensure that any additional action needed is timely.**

## **Risk**

Discussion is included above around the significant risks related to our budget and ongoing financial position.

These are primarily:

1. The ongoing pandemic and its impact on the council's income streams and those of our residents and businesses.
2. The impact of the UK's exit from the European Union.
3. The as yet unclarified position of government funding beyond 2021/22.
4. The impact of the pandemic and Brexit on our existing treasury investments and future commercial investment opportunities.

In addition to these we face risk around council tax, business rate and commercial income collection. No provision has been made as yet for any significant level of bad debt and collection of outstanding balances is being given additional focus to ensure that we deal supportively with anyone who owes us money in these difficult times whilst maintaining, where possible, our collection rates.

The Council's insurers, along with all others, are starting to exclude Covid related claims from their policies. This is being managed carefully by our team of insurance experts.

There is a risk that with the tightening of the Public Works Loans Board (PWLB) guidance on the acceptability of commercial schemes, that the council may experience difficulty in obtaining long term debt but this is only one possible source of borrowing and there are indications that the PWLB's view on it may be relaxing. The council's policy on investments is that they must further the council's stated priorities so this approach should be deemed compliant in any case.

### **Summary:**

WODC finds itself in a position that is more fortunate than many councils. Through careful management in the past it has built up a good level of reserves but these are forecast to be depleted significantly in the medium term and the protection of them lies partly in the savings we have already made but also government funding yet to be determined and future commercial strategies yet to be realised.

Much care must be taken not to reduce potential income or increase projected spend. The MTFS should be reforecast at least twice a year and if the rate of reserve reduction increases, action must be taken swiftly to protect our long term sustainability.

Elizabeth Griffiths ACMA

15<sup>th</sup> February 2021