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Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Committee: Budget Planning Committee

Date: Tuesday 25 January 2022

Time: 6.30 pm

Venue: Virtual meeting

Membership

**Councillor Nicholas Mawer
(Chairman)**

Councillor Phil Chapman
Councillor John Donaldson
Councillor Shaida Hussain
Councillor Douglas Webb
Councillor Lucinda Wing

Councillor Carmen Griffiths (Vice-Chairman)

Councillor Conrad Copeland
Councillor David Hughes
Councillor Andrew McHugh
Councillor Fraser Webster
Councillor Sean Woodcock

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Minutes (Pages 5 - 10)

To confirm as a correct record the minutes of the meeting held on 9 December 2021.

4. Chairman's Announcements

To receive communications from the Chairman.

5. **Urgent Business**

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

6. **2021/22 Capital Programme** (Pages 11 - 22)

Report of Director of Finance

Purpose of report

For the Committee to consider the 2021/22 Capital Programme and discuss further the schemes identified by the Committee Chair larger schemes and/or those with little spend so far in the financial year.

Recommendations

The meeting is recommended:

1. To note the 2021/22 Capital Programme

7. **Draft 2022/23 Capital and Investment Strategy** (Pages 23 - 44)

Report of the Director of Finance

Purpose of report

To submit the draft Capital and Investment Strategy for 2022-23.

Recommendations

The meeting is recommended:

1. To recommend the draft strategy for 2022-23 to Full Council.

8. **Reserves Review** (Pages 45 - 58)

Report of the Director of Finance

Purpose of report

To update Budget Planning Committee (BPC) on the Review of Reserves that has taken place in preparation of the budget for 2022/23 and the Medium-Term Financial Strategy (MTFS) 2022/23 – 2026/27.

Recommendations

The meeting is recommended:

- 1.1 to note the outcome of the review of reserves and the forecast over the MTFS period.

- 1.2 to provide the Executive with feedback on whether the Committee supports the draft reserve allocations.

9. **Covid-19 Business Grants** (Pages 59 - 62)

Report of Director of Finance

Purpose of report

This report is to provide the Committee with an update on the total amount of grants paid out to businesses in Cherwell to support them during the pandemic up to 31 December 2021.

Recommendations

The meeting is recommended:

1. To note the number and value of Covid-19 Business Grants paid out by Cherwell District Council to local businesses during the course of the pandemic to 31 December 2021.

10. **Review of Committee Work Plan** (Pages 63 - 64)

To review the Committee Work Plan.

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221591 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Lesley Farrell, Democratic and Elections democracy@cherwell-dc.gov.uk,
01295 221591

Yvonne Rees
Chief Executive

Published on Monday 17 January 2022

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 9 December 2021 at 6.30 pm

Present Virtually:

Councillor Nicholas Mawer, Chairman
Councillor Carmen Griffiths
Councillor Phil Chapman (and Lead Member for Leisure and Sport)
Councillor Conrad Copeland
Councillor David Hughes
Councillor Shaida Hussain
Councillor Douglas Webb
Councillor Lucinda Wing (and Lead Member for Housing)
Councillor Sean Woodcock

Substitute Members present virtually:

Councillor Adam Nell (in place of Councillor McHugh)
Councillor Les Sibley (in place of Councillor Fraser Webster)

Executive Members in attendance virtually:

Councillor Barry Wood - Leader of the Council
Councillor Colin Clarke - Lead Member for Planning
Councillor Ian Corkin - Deputy Leader and Lead Member for Customers and Transformation
Councillor Tony Ilott - Lead Member for Finance and Governance
Councillor Richard Mould - Lead Member for Performance
Councillor Lynn Pratt - Lead Member for Economy, Regeneration and Property

Apologies for absence:

Councillor John Donaldson
Councillor Andrew McHugh
Councillor Fraser Webster

Officers present virtually:

Yvonne Rees, Chief Executive
Lorna Baxter, Director of Finance & Section 151 Officer
Stephen Chandler, Corporate Director Adults & Housing Services
Bill Cotton, Corporate Director Environment and Place
Steve Jordan, Corporate Director Commercial Development, Assets & Investment
Claire Taylor, Corporate Director Customers, Organisational Development and Resources

Michael Furness, Assistant Director of Finance
Nicola Riley, Assistant Director: Wellbeing
Louise Tustian, Head of Insight and Corporate Programmes
Joanne Kaye, Strategic Business Partner
Natasha Clark, Governance and Elections Manager
Lesley Farrell, Democratic and Elections Officer

24 **Welcome**

The Chairman welcomed Members and officers to the virtual meeting. The Chairman explained that in light of the new COVID measures and following discussion with officers he had agreed that we hold this meeting virtually rather than meet in person to follow the guidance, protect public health, minimise risks and also to comply with statutory requirements for our meetings.

25 **Adjournment and Reconvening of the Meeting**

Due to technical issues with the webcast, the meeting adjourned at 6.45pm and reconvened at 7.00pm.

26 **Declarations of Interest**

6. Budget Proposals 2022/23 - 2026/27.

Councillor Shaida Hussain, Non Statutory Interest, as a Trustee of Banbury Museum.

27 **Minutes**

The Committee indicated agreement of the Minutes of the meeting of the 26 October 2021 as a correct record. The Chairman advised that the minutes would be formally agreed at the next in person meeting of the Committee and signed by the Chairman.

28 **Chairman's Announcements**

The Chairman reminded the Committee that any staffing matters arising from budget proposals should not be discussed at the Budget Planning Committee meeting but would be considered by the council's Personnel Committee as per its remit in the constitution.

29 **Urgent Business**

There were no matters of urgent business.

30 **Budget Proposals 2022/23 - 2026/27**

The Director of Finance submitted a report which set out the capital bids and revenue savings proposals and budget pressures for Cherwell District Council for the period 2022/23 to 2026/27.

The Director of Finance explained that the Government's spending review announcement on 27 October 2021 had provided some clarity with regards to funding, however the Local Government Finance Settlement had not yet been announced so there was still an unknown element in the figures for 2022/23. A provisional settlement figure was due to be announced the week commencing 13 December and it was not known if this would be a one or multi-year settlement. Due to a consultation linked to some of the elements, the final figure would not be known until February 2022. The assessments would then be included with the full budget papers to be considered by Executive in February 2022 for recommendation to Full Council in February 2022.

The Corporate Director Customers, Organisational Development and Resources gave an overview of the results of the resident's survey. The key findings gave an overall satisfaction and the main priorities for residents were recycling and anti-social behaviour.

In response to Members' questions the Corporate Director Customers, Organisational Development and Resources explained that the survey questions were consistent with previous resident's survey questions. The survey had been undertaken prior to the food waste collection changes and therefore the responses would not reflect these changes.

Following additional questions from the Committee the Corporate Director Customers, Organisational Development and Resources undertook to provide Members with a copy of the resident's survey questions and a demographic breakdown of the respondents.

Executive Lead Members and Directors gave an overview of the pressures and proposed savings by service area within each directorate and answered questions from the Committee.

In relation to the housing proposals, and a Committee Member query regarding the proposals setting out there would be no impact on service delivery, the Lead Member for Housing explained service delivery would continue and a change of accounting procedure resulted in savings.

In relation to the leisure facilities savings proposals, in response the questions from the Committee seeking clarity of the changes to achieve the savings, the Assistant Director - Wellbeing explained that the priority was to retain a core offer in the three urban centres. The Assistant Director – Wellbeing undertook to provide a detailed note to Members explaining the review and savings in Leisure Facilities outside of the meeting.

With regards to proposals in the Environment and Place directorate, the Corporate Director, Environment and Place responded to questions regarding the economic impact and health benefits to the district of the Women's Tour Cycling Race and advised that the council had contributed a relatively modest budget. He was not aware of any direct studies but would liaise with Experience Oxfordshire and circulate any relevant information to Members.

In response to a query regarding the certainty of savings arising from reduced waste facility processing changes as a result of improved recycling material prices, the Corporate Director Environment and Place explained that the proposal was prudent and a figure officers believed was sustainable.

Some members of the Committee raised concerns that the Car Parking Equality and Climate Impact Assessment statistics did not show a fair and reasoned representation of comparator towns and local car parks. The Corporate Director, Environment and Place undertook to provide Members with details of the metrics used to choose the car parks included in the benchmarking.

Regarding pressures and savings proposals for the Commercial Development, Assets, and Investment directorate, following a Committee Members request for more information on the proposed annual savings for Castel Quay, the Assistant Director of Finance explained that the assessment was based on demand for Castle Quay and the ongoing impact of improvements against the initial assumptions in the Medium Term Financial Strategy. The Corporate Director, Commercial Development, Assets, and Investment advised that Castle Quay was recovering well from the impact of COVID and that Banbury itself was improving as a town and offered to meet with interested Members to provide further details on the figures relating to Castle Quay.

Some members of the Committee raised concerns in relation to the proposal to end the financial support for public space CCTV, highlighting that the residents survey had identified anti-social behaviour as a key priority. that it was proposed to cut funding for CCTV from the budget.

In the course of discussion on the CCTV savings proposals, some Members highlighted that there were still a number of unknowns, including the Local Government Settlement which may put the council in a better position. Executive could therefore be requested to remove this savings proposal were that the case.

The Leader of the Council highlighted that the proposals were out for consultation and the responses would be considered when finalising the proposals. In addition, there were different ways and schemes to fund CCTV.

It was proposed by Councillor Woodcock and seconded by Councillor Hussain that the proposal to end the financial support for CCTV be removed from the budget proposals.

On being put to the vote the proposal was lost and the motion subsequently fell.

The Chairman confirmed that when he report the Budget Planning Committee feedback to Executive, he would reflect the strength of feeling and Committee debate on the proposal to end funding for CCTV.

The Chairman confirmed that when he reported the Budget Planning Committee feedback to Executive, he would reflect the strength of feeling and Committee debate on the proposal to end funding for CCTV. include comments from the Committee regarding CCTV in his feedback to Executive.

Regarding proposals to make savings through stopping leasing space for customer services at Exeter Hall, Kidlington and letting the former customer service office at Franklin House, Bicester, in response to a query about what would replace these services, the Lead Member for Economy, Regeneration and Property explained both customer service link point sites had been closed since the start of the first lockdown in March 2020 due to the COVID-19 pandemic. No complaints had been received about the sites being closed and it was not intended to re-open either site.

In response to a query from a Committee Member, the Corporate Director for Customers, Organisational Development and Resources explained that usage of the link points had reduced prior to the pandemic due to the increased availability of digital services and agreed to provide details of services offered at the Bicester and Kidlington link points prior to their closure due to the Covid 19 pandemic.

In relation to the proposal to stop providing dog fouling bags to residents, it was recommended by Councillor Sibley that as the saving was relatively small and given that this was a valuable service to the community, especially with the increase of dog ownership, the proposal should be removed.

The proposal was not seconded. Members of the Committee commented that dog fouling bags were relatively cheap to purchase and most councils did not provide this service. If minded, it was a service Town and Parish Councils could provide. Notwithstanding, the Chairman undertook to reflect the comments in his feedback to Executive.

Feedback on the savings proposals would be taken into account as part of the overall response to the budget consultation. Feedback from the Committee on the revenue pressures and capital bids will be provided to the Executive to consider in finalising its budget proposals for Council.

The Assistant Director of Finance gave an overview of the 2022/2023 capital bids. All bids were unanimously endorsed by the Committee.

Resolved

- (1) That, having given due consideration, Executive be advised that the Budget Planning Committee endorse the proposed capital bids, for inclusion as part of the 2022/23 budget proposal.
- (2) That, having given due consideration, Executive be advised that the Budget Planning Committee have no recommendations for the proposed revenue savings proposals or budget pressures for inclusion as part of the 2022/23 budget proposal.
- (3) That officers be requested to provide the following additional information on the following areas of the budget 2022/23 proposals:
 - a copy resident's survey questions and a demographic breakdown of the respondents.
 - details of the Leisure Facilities review and savings.
 - information on the economic impact and health benefits to the district of the Women's Tour Cycling Race.
 - In relation to the car parking Equality and Climate Impact Assessment, details of the metrics used to choose car parks in the assessment.
 - details of services offered at the Bicester and Kidlington link points prior to their closure due to the Covid 19 pandemic.

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Review of Committee Work Plan

The Committee considered its work plan.

Resolved

- (1) That the Committee Work Plan be noted.

The meeting ended at 9.10 pm

Chairman:

Date:

Cherwell District Council

Budget Planning Committee

Date of Meeting 25 January 2022

2021/22 Capital Programme

Report of Director of Finance

This report is public

Purpose of report

For the Committee to consider the 2021/22 Capital Programme and discuss further the schemes identified by the Committee Chair larger schemes and/or those with little spend so far in the financial year.

1.0 Recommendations

The meeting is recommended:

- 1.1 Note the 2021/22 Capital Programme

2.0 Introduction

- 2.1 The Committee has received quarterly monitoring reports throughout the year and has always had a particular interest on the delivery of the capital programme. This report offers the Committee the opportunity to focus on the Capital Programme and in particular the larger schemes and those with little spend to date.

3.0 Report Details

- 3.1 The Council has a capital programme for 2021/22 of £42.4m. At 30 November there was total spend of £13.3m and a forecast spend for the year of £34.5m. Of the remaining £7.9m, £6.9m is forecast to be reprofiled into future years; £1m is expected to be an underspend against the overall cost of schemes. Appendix 1 provides a breakdown of the 2021/22 capital programme and forecast position for the year.
- 3.2 The Committee Chair has asked for a more in-depth discussion to take place around larger schemes in the capital programme and/or those with little spend so far this year. A total of 28 schemes have been identified with a budget of £18.0m. At 30 November there was total spend of £1.8m whilst the forecast for the year was £15.5m. Of the remaining £2.5m, £2.0m is forecast to be reprofiled into future

years and £0.5m is expected to be an underspend against the total cost of the schemes. These schemes are identified at Appendix 2.

4.0 Conclusion and Reasons for Recommendations

4.1 This report offers the opportunity to the Committee to provide additional focus on the delivery of the 2021/22 capital programme.

5.0 Consultation

None required.

6.0 Alternative Options and Reasons for Rejection

6.1 There are no alternative options.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications directly associated with this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications associated with this report.

Comments checked by:

Christopher Mace, Solicitor,
Email: christopher.mace@cherwell-dc.gov.uk; Tel: 07702917916

Risk Implications

7.3 There are no risk implications associated with this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes 01295 221786
Louise.tustian@cherwell-dc.gov.uk

Equalities and Inclusion Implications

7.4 There are no equalities and inclusion implications associated with this report.

Comments checked by:
Emily Schofield, Acting Head of Strategy 07881 311707, Emily.schofield@cherwell-dc.gov.uk

Sustainability Implications

7.5 There are no sustainability implications associated with this report.

Comments checked by:
Sandra Fisher-Martins, Programme Manager, sandra.fisher-martins@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- Appendix 1 – 2021/22 Capital Programme
- Appendix 2 – Capital Schemes Identified for Discussion

Background papers

None

Report Author and contact details

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

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Appendix 1

CHERWELL CAPITAL EXPENDITURE 2021-22

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	Outturn	RE-PROFILED BEYOND 2021/22	RE-PROFILED BEYOND 2022/23	Current Month Variances £000	Prior Month Variances £000	OUTTURN NARRATIVE
40062	Andrew Bowe/Tony Brummell	East West Railways	10	2	5	5		-	-	The capital fund has been set up to enable the Council's costs to be recharged when responding to enquiries and regulatory applications, involving for example environmental and land drainage matters, made in connection with the EWR project. The quantum and timing of recharges are entirely reactive to the volume and nature of the enquiries made by EWR, and because of this, there has been slippage and £5k has been reprofiled into 22/23.
40206	Robert Jolley	Garden Town Capital Funding	4,550	0	4,550	0		-	-	This is the major infrastructure scheme in Bicester's Banbury Road roundabout. Planning permission has recently been received and a request for the grant to be released has been made.
40100	Jane Norman	Orchard Lodge (Phase 1)	0	(77)	0	0		-	-	£77k relates to sale proceeds to be transferred to capital receipts
40106	Jane Norman	Coach House Mews (Phase 1)	0	(94)	(7)	0		(7)	(7)	£87.5k is the disposal proceeds of no. 5 Worcester House (will be moved to Capital Receipts). The £7k credit is the balance of an accrual
40125	Jane Norman	Newton Close (Phase 1)	0	(220)	0	0		-	-	£220k relates to sale proceeds to be transferred to capital receipts
40121	Jane Norman	Bicester Library (phase 1b)	664	8	40	624		-	-	Bicester Library: The first archaeological investigations have been completed and information sent to the County archaeologist for approval to proceed. The demolition contract has been re-tendered as the 3 month time limit had been reached. The project received planning consent in September 2021. Current FY expenditure has been reduced to £40k with the remaining budget reprofiled - this will be continually reviewed against project programme and securing permission to proceed
40111	Jane Norman	Admiral Holland Redevelopment Project (phase 1b)	0	(327)	6	61		67	67	With construction formally completed end of September 2020 there is the need to budget for retention which CDC will have to pay in September 2022 – the retention is £60.5k. Although 'Budget Total' is noted as 0 the aforementioned retention has been noted as a future liability 'reprofiled beyond FY 2021/22'. Actuals include a credit of (£327k) which relates to capital receipts from the sale of property and will be transferred out at year end.
40118	Jane Norman	Creampot Crescent Cropredy (phase 1b)	6	(17)	0	0		(6)	(6)	Creampot Crescent - Although the home is complete and has been sold under shared ownership, CDC are still holding retention money and are in the final stages of negotiations with the developer with the works associated with the retention due. This will definitely be paid before year end.
40214	Jane Norman	Creampot Crescent Cropredy Repurchase co	350	0	0	0		(350)	-	Budget not required as it is a risk that can be funded from a capital reserve if required.
40177	Jane Norman	Bullmarsh Close (Phase 2)	0	(6)	85	17		102	82	With construction formally completed early May 2021 there is the need to budget for retention which CDC will have to pay in May 2022 - the retention is £17k. Although 'Budget Total' is noted as 0 the aforementioned retention has been noted as a future liability 'reprofiled beyond FY 2021/22'.
40213	Jane Norman	Build Team Essential Repairs & Improve C	160	0	5	155		-	-	In preparation for the tender process further structural surveys have been carried out which have revealed additional work required. We are currently in discussion with the Freeholder regarding a possible revised warranty claim

CHERWELL CAPITAL EXPENDITURE 2021-22

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	Outturn	RE-PROFILED BEYOND 2021/22	RE-PROFILED BEYOND 2022/23	Current Month Variances £000	Prior Month Variances £000	OUTTURN NARRATIVE
40224	Jane Norman	Fairway Flats Refurbishment	140	7	30	110		-	-	We have worked proactively with the Planning Department to agree the scope and details of the project. Planning have endorsed the proposed scheme and have recommended we formally submit the scheme for planning consent, which is likely to be received in January 2022. Up to 31 st March 2022 the main activities will be securing planning consent and main contractor procurement – the main capital expenditure will happen when works commence in FY22/23. The proposed accrual is therefore £110k.
Growth & Economy Total			5,880	(725)	4,714	972	-	(194)	136	
40015	Ed Potter	Car Park Refurbishments	79	5	29	50		-	-	£50k slippage required in to 22/23. Remainder of spend to be committed in quarter 4. In conjunction with projects 40026 Off Road Parking & 40217 Car Park Action Plan Delivery.
40026	Ed Potter	Off Road Parking	18	0	0	18		-	-	£18k slippage required in to 22/23. This project is in conjunction with Car Park Refurbishments project CC 40015 and 40217.
40028	Ed Potter	Vehicle Replacement Programme	1,268	653	969	299		-	-	£299k slippage required in to 22/23 to allow for further investigation in to electric vehicles/decarbonisation of fleet and extension of useful life of current fleet. Currently showing a commitment of £244k. Remaining £65k to be committed in early part of quarter 4.
40031	Ed Potter	Urban City Electricity Installations	15	0	15	0		-	-	This project is for the refurbishment of electric sockets in Bicester town centre. The Full £15k is expected to be spent in early part of quarter 4, awaiting additional quotation before progressing.
40186	Ed Potter	Commercial Waste Containers	25	12	25	0		0	0	Full spend is expected in quarters 3 and 4 of 21/22.
40187	Ed Potter	On Street Recycling Bins	22	4	4	18		-	-	No further spend anticipated in 21/22. £18k slippage required in to 22/23.
40188	Ed Potter	Thorpe Lane Depot Capacity Enhancement	174	3	44	130		-	-	£130k slippage required in to 22/23 - requirement of space and infrastructure is still being reviewed. Remaining £41k to be committed in early part of quarter 4.
40216	Ed Potter	Street Scene Fencing Street Furniture &	24	0	24	0		-	-	This project is for repairing/replacing metal steps at Kirtlington Quarry. Issues with the expiring lease, landowner and covid has resulted in delays. Full spend is expected in quarter 4 of 21/22 if issues resolved due to health and safety issues. Slippage is an ongoing issue regarding the lease of Kirtlington quarry, legal, eates and the landscaping team are in negotiations with the landowner. We don't want to commit spend yet until this has been resolved due to liability but fencing and repairs is urgently required.
40217	Ed Potter	Car Parking Action Plan Delivery	175	0	90	85		-	-	£85k Slippage required in to 22/23. Currently showing a commitment of £80k. Remaining £10k to be committed in quarter 3. Projects in conjunction with 40015 & 40026. Slippage has been mainly delayed due to covid restrictions, in addition the vacant street scene and landscape manger post who would originally lead has not been filled, resources are limited.
40218	Ed Potter	Depot Fuel System Renewal	50	7	15	35		-	-	£35k slippage required in to 22/23 due to delays with progression of redevelopment of Bicester depot. £7k currently showing as a commitment. Spend ytd is for Thorpe lane depot, the decision was taken to put Highfield depot on hold until further along in the redevelopment plans.
40220	Ed Potter	Horsefair Public Conveniences	150	3	156	0		6	-	Full commitment showing of £156k, £3k showing as commitment. Changing places grant applied for - result of applications expected by period 9.

CHERWELL CAPITAL EXPENDITURE 2021-22

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	Outturn	RE-PROFILED BEYOND 2021/22	RE-PROFILED BEYOND 2022/23	Current Month Variances £000	Prior Month Variances £000	OUTTURN NARRATIVE
40222	Ed Potter	Burnehyll- Bicester Country Park	175	4	175	0		-	-	Expecting full spend in 21/22. Infrastructure commitments expected in period 9. Country Park projects officer anticipated to start in February 2021 which will increase the progression of project.
40248	Ed Potter	Solar Panels at Castle Quay	53	0	53	0		-	-	Expecting full spend in 21/22, £6m grant funding PSDS project to be completed by Christmas 2021, if resources are then available, confirmation of anticipated spend or slippage will be identified.
40235	Ed Potter	Chargeable Garden & Food Waste	1,200	179	1,200	0		-	-	Full spend is expected in 21/22. Currently showing a commitment of £980k. Final spend of £99k to be committed in period 12 - this is for delivery of food waste caddies, liners, literature before scheme begins.
Environment and Waste Total			3,428	869	2,799	635	-	6	0	
Environment and Place total			9,308	144	7,513	1,607	0	(188)	136	
40081	Robert Fuzesi	Bicester Town Centre Redevelopment	0	15	0	0		-	-	Works have been charged to revenue.- project closed
40139	Stuart Parkhurst	Banbury Health Centre - Refurbishment of Ventilation, Heating & Cooling Systems	100	(4)	0	100		-	-	Tenders now complete and currently engaging with the tenants. Expect full utilisation of the £100k by July 2022
40141	Chris Hipkiss	Castle Quay 2	17,459	10,526	15,600	1,859		(0)	(50)	Includes £1.9m refund of s278 Highways Bond Final construction payment to McLaren scheduled in May23
40144	Chris Hipkiss	Castle Quay 1	3,303	89	1,365	1,938	0	(0)	(0)	£3.3m budgeted for works on Castle Quay Shopping centre excluding M&S unit
40162	Robert Fuzesi	Housing & IT Asset System joint CDC/OCC	100	0	0	100		-	-	CDC and OCC are working jointly to purchase an overarching property system (aka project 'Single View of Assets') that would provide the IT background/database for FM and Estate Management. Currently both Councils use their own not-fit-for-purpose or non-existing systems and with the set up of the Joint Property Services the decision was made that a joint IT solution should be purchased. The £100k has been set aside in CDC's capital budget for the contribution of the joint system purchase together with OCC.
40167	Stuart Parkhurst	Horsefair, Banbury	55	0	0	55		-	-	The works design is now completed, pending tender. Expect full utilisation of budget by July 2022
40190	Stuart Parkhurst	Banbury Museum Upgrade of AHU	35	12	35			-	-	Works relate to Air Handling unit at Banbury museum. All specialist parts now have arrived from Germany. Pending installation but expect full utilisation of the £35k by March 2022
40191	Stuart Parkhurst	Bodicote House Fire Compliance Works	71	(8)	0	71		-	-	£141k c/fwd from 20/21. £70k budget held back and will be loaded in to 22/23 Review of scope being carried out to ascertain actual requirements. Spend will not take place until 22/23
40192	Stuart Parkhurst	The Fairway Garage Demolition	0	1	1	0		1	1	Project completed
40196	Stuart Parkhurst	Pioneer Square Fire Panel	0	(3)	(3)	0		(3)	(3)	Project not going ahead. Credit of £-3k relates to an unmatched accrual to a PO rolled over from 20/21
40197	Stuart Parkhurst	Corporate Asbestos Surveys	160	6	6	100		(54)	(54)	Works are progressing, planned to be completed over 2 years with delays being caused by covid 19. Anticipated saving of £54k
40198	Stuart Parkhurst	Corporate Fire Risk Assessments	80	0	0	0		(80)	(80)	Fire risk assessments are now completed resulting in a saving of £80k
40200	Stuart Parkhurst	Corporate Reinstatement Cost Assessments	12	(18)	(18)	0		(30)	(30)	No further costs are expected. The project is complete and closed from a delivery perspective. The accrual of £18k will remain unmatched in this year
40201	Stuart Parkhurst	Works From Compliance Surveys	147	0	0	147		-	-	Works planned over 2 years with additional delays caused by covid 19. Full spend anticipated by March 2023 which has slipped from original planned delivery of March 22 due to delays relating to the delivery of the PSDS works.

CHERWELL CAPITAL EXPENDITURE 2021-22

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	Outturn	RE-PROFILED BEYOND 2021/22	RE-PROFILED BEYOND 2022/23	Current Month Variances £000	Prior Month Variances £000	OUTTURN NARRATIVE
40203	Robert Fuzesi	CDC Feasibility of utilisation of proper Space	100	0	0	100		-	-	The £100k will have to be reprofiled to 2022/23 financial year. This amount has been set aside to consider the future office space of the Council
40219	Stuart Parkhurst	Community Centre - Works	209	163	209			-	-	£130k c/fwd from 20/21. Year 2 budget allocation of £190k = £320k total. £110k budget held back and will be loaded in to 22/23. Full spend anticipated by March 2022
40239	Stuart Parkhurst	Bicester East Community Centre	210	0	180	30		-	-	2 year scheme - £210k in yr1 and £1240k in yr 2. Feasibility has been carried out. Designer has been engaged, preparing documents ready for planning in Q4. Full allocated spend anticipated
40240	Stuart Parkhurst	Bicester Dovecote	41	1	41	0		-	-	Tenders now received pending instruction subject to listed building consent approval expected Oct 2021. Full spend anticipated
40241	Stuart Parkhurst	Thorpe Place Roof Works	35	0	5	30		-	-	Currently scoping the works which will be complete by March 2023
40242	Stuart Parkhurst	H&S Works to Banbury Shopping Arcade	127	0	10	117		-	-	Currently scoping the works which will be completed by March 2023
40243	Stuart Parkhurst	West Bicester Community Centre Car Park	35	24	35	0		-	-	works completed and agreeing final account
40244	Stuart Parkhurst	Flood Defence Works Hanwell Fields Community Centre	20	14	19	0		(1)	(1)	works completed and agreeing final account
40246	Stuart Parkhurst	Banbury Museum Pedestrian Bridge	78	0	30	48		-	-	Works have been instructed pending start date, delays from British Waterways for licence to deliver works over canal. Works now planned for March 2022
40247	Stuart Parkhurst	Service Yard at Hart Place Bicester	28	32	32	0		4	4	Works now completed
40249	Stuart Parkhurst	Retained Land	170	0	100	70		-	-	2 year scheme - £170k in yr1 and £130k in yr 2. Retained land surveys now instructed for delivery. Full spend anticipated by February 2023
40225	Stuart Parkhurst	Drayton Pavillion - Decarbonisation Works	86	7	0	0		(86)	-	This scheme is no longer proceeding
40226	Stuart Parkhurst	Thorpe Lane Depot - Decarbonisation Works	595	30	595	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22
40227	Stuart Parkhurst	Banbury Museum - Decarbonisation Works	324	19	324	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22
40228	Stuart Parkhurst	Franklins House - Decarbonisation Works	106	11	106	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22
40229	Stuart Parkhurst	Stratfield Brake Sports Ground - Decarbonisation Works	159	14	0	0		(159)	-	This scheme is no longer proceeding
40230	Stuart Parkhurst	Whitelands - Decarbonisation Works	123	10	123	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22
40231	Stuart Parkhurst	Bicester Leisure Centre - Decarbonisation Works	1,401	64	1,401	0		-	-	The project is PSDS Decarbonisation Grant worth £1.4m to install Air Source Heat Pumps and Solar PV to aid decarbonisation of the Council. -
40232	Stuart Parkhurst	Kidlington Leisure Centre - Decarbonisation Works	1,087	46	1,087	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22
40233	Stuart Parkhurst	Spiceball Leisure Centre - Decarbonisation Works	1,311	53	1,311	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22

CHERWELL CAPITAL EXPENDITURE 2021-22

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	Outturn	RE-PROFILED BEYOND 2021/22	RE-PROFILED BEYOND 2022/23	Current Month Variances £000	Prior Month Variances £000	OUTTURN NARRATIVE
40234	Stuart Parkhurst	Woodgreen Leisure Centre - Decarbonisation Works	795	34	795	0		-	-	Funds are from Salix decarbonisation grant fund. Project has time limit for completion Q4. Works currently in design with tender Aug 21. Full spend anticipated by March'22
40245	Richard Webb	Enable Agile Working	15	0	15	0		-	-	Project to assess agile working IT requirements commencing in November following implementation of new case management system. Expect to commit expenditure in last quarter of the year.
Community Development Assets and Investment			28,577	11,138	23,404	4,765	-	(408)	(163)	
Comm Dev Assets total			28,577	11,138	23,404	4,765	0	(408)	(163)	
40204	Michael Furness	Finance Replacement System	215	188	215	0		-	-	On target. Project completion March 2022
40250	Michael Furness	Cashier Finance System Project	45	0	45	0		-	-	Approval was given via delegations for this budget change. Tender process has started and funds are expected to be fully spent by March 2022.
Finance Total			260	188	260	0	-	-	-	
40208	Karen Edwards	Project Manager for HR/Payroll system	100	4	100	0		-	-	Remaining 96K to be spent on further implementation of I Trent.
HR Total			100	4	100	0	-	-	-	
40054	Tim Spiers	Land & Property Harmonisation	0	41	22	0		22	36	PM resource - will be applying for another project(40170) to be repurposed. Estimated Completion: Q4 21/22
40056	Tim Spiers	5 Year Rolling HW / SW Replacement Prog	50	0	50	0		-	-	50K needed for Hardware replacement in 2022. Estimated completion: Q4, 21/22
40170	Tim Spiers	Customer Excellence & Digital Transfer	30	0	0	0		(30)	-	Budget no longer needed
40210	Tim Spiers	CDC & OCC Technology Alignment	4	142	4	0		(0)	(0)	On target
40211	Tim Spiers	Legacy Iworld System Migration	50	0	28	0		(22)	(36)	22K of this to be redirected to Land and Property (40054) - SUBJECT TO APPROVAL
40212	Tim Spiers	Procurement of Joint Performance system	20	(17)	20	0		-	-	20K needed for PM resource
40237	Tim Spiers	Council Website & Digital Service	250	16	175	75		-	-	On target. Estimated completion: Q4,22/23
40238	Tim Spiers	IT Shared Services	550	73	400	150		-	-	On target. Estimated completion: Q4,22/23
ICT and Digital Total			954	255	699	225	-	(30)	(1)	
Customers, Org Dev & Resources total			1,314	446	1,059	225	0	(30)	(1)	
40083	John Lehman	Disabled Facilities Grants	2,271	1,042	1,700	196		(375)	(375)	The budget comprises £1,240k Better Care Fund (approved at Full Council 18/10/21), £656k reprofiled from last year and £375k base budget (to be offered up as a saving), giving a total of £2,271k. Our current projection is that we shall spend £1,700k (which includes £60k as yet unpaid Occupational Therapist funding for Qs 3-4)
40160	Frances Evans	Housing Services - capital	43	43	43	0		-	-	£43k Station Rd, Ardley (Platform Housing Group) funded from S106 commuted sums

CHERWELL CAPITAL EXPENDITURE 2021-22

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	Outturn	RE-PROFILED BEYOND 2021/22	RE-PROFILED BEYOND 2022/23	Current Month Variances £000	Prior Month Variances £000	OUTTURN NARRATIVE
40084	John Lehman	Discretionary Grants Domestic Properties	213	70	120	93		-	-	The 5 year capital scheme for Discretionary grants is £150k pa and runs until 2023-24. Total budget comprises: £150k base budget, £63k reprofiled budget from 20/21. Projected spend of £120k and £93k to be reprofiled to 22/23
Housing Services Total			2,527	1,155	1,863	289	0	(375)	(375)	
Housing Total			2,527	1,155	1,863	289	0	(375)	(375)	
40005	Tom Darlington	Whitelands Farm Sports ground	0	0	0	0		-	-	Funded from S106 held for scheme completion.
40006	Nicola Riley	Community Centre Refurbishments	9	0	9	0		-	-	External lighting project has been delayed as contractors have struggled to get materials delivered but should be fitted in the next few weeks
40009	Tom Gubbins	Physical Activity and Inequalities Insight	12	7	12	0		-	-	First phase of insight work completed and £8,000 spent. Second and final phase will happen in January and will be completed by March 2022.
40010	Liam Didcock	North Oxfordshire Academy Astroturf	183	0	183	0		-	-	The delivery of a new Astroturf pitch at North Oxfordshire Academy has been complicated by issues arising from securing appropriate and timely developer contributions. Officers are working closely with colleagues in planning to finalise the position and determine the most appropriate course of action and funding. A report in January will determine the profile and scale of spending on this programme.
40019	Liam Didcock	Bicester Leisure Centre Extension	34	0	34	0		-	-	£84k budget reprofiled from 20/21. £34k budget allocated to 21/22 and the remaining £50k allocated to 22/23
40020	Liam Didcock	Spiceball Leis Centre Bridge Resurfacing	30	0	30	0		-	-	Spend will take place when Castle Quay Waterside is completed and bridge reinstated in this financial year. All works are solely in relation to bridge resurfacing.
40035	Rebecca Dyson	Corporate Booking System	45	0	45	0		-	-	A meeting has taken place with the system developers. The next stage is for them to quote on the build work and then to start development if the price is within budget. The work must happen this year.
40131	Tom Darlington	S106 Capital Costs	373	355	373	0		0	(0)	funded from S106
40152	Kevin Larnar	Community Capital Grants	15	25	25	0		10	10	Projected overspend of £10k which is offset by underspend declared in 20/21
40215	Liam Didcock	North Oxford Academy Upgrade existing Fa	0	0	0	0		-	-	
Leisure and Sport Total			701	387	711	0	0	10	10	
40181	Stuart Parkhurst	Sunshine Centre (new extension to the front of the site)	12	(2)	(2)	0		(14)	(14)	works are now completed and out of the defect period
Wellbeing Total			12	(2)	(2)	0	0	(14)	(14)	
Public Health Wellbeing Total			713	385	709	0	0	(4)	(5)	
Capital Total			42,439	13,269	34,548	6,886	0	(1,005)	(408)	

Budget Planning Committee -Schemes Identified for Discussion					
Scheme Reference and Title	P8 Budget	YTD	P8 Forecast	Reprofile Future Years	Scheme Variance
Environment and Place - Growth and Economy					
40111 – Admiral Holland	0	(327)	6	61	67
40206 – Garden Town	4,550	0	4,550	0	0
40121 – Bicester Library – Phase 1b	664	8	40	624	0
40213 – Build Team – Essential Repairs	160	0	5	155	0
40100 – Orchard Lodge Phase 1	0	(77)	0	0	0
40125 – Newton Close Phase 1	0	(220)	0	0	0
40177 – Bullmarsh Close Phase 2	0	(6)	85	17	102
Environment and Place - Environment and Waste					
40187 – On street recycling Bins	22	4	4	18	0
40028 – Vehicle Replacement Programme	1,268	653	969	299	0
40188 – Thorpe Lane Depot Capacity Enhancement	174	3	44	130	0
40222 – Burnehyll – Bicester Country Park	175	4	175	0	0
40235 – Chargeable Garden and Food Waste	1,200	179	1,200	0	0
Community Development, Assets and Investments					
40191 – Bodicote House Fire Compliance Works	71	(8)	0	71	0
40201 – Works from Compliance Surveys	147	0	0	147	0
40203 – CDC Feasibility of utilisation of proper space	100	0	0	100	0
40219 – Community Centre Works	209	163	209	0	0
40239 – Bicester East Community Centre	210	0	180	30	0
40242 – H&S Work to Banbury Shopping Arcade	127	0	10	117	0
40225-40234 not individually but as a general group – PSDS Decarbonisation Works	5,987	288	5,742	0	(245)
Customers, Organisational Development and Resources - HR					
40208 – Project Manager for HR/Payroll System	100	4	100	0	0
Customers, Organisational Development and Resources - ICT					
40054 – Land and Property Harmonisation	0	41	22	0	22
40170 – Customer Excellence and Digital Transfer	30	0	0	0	(30)
40211 – Legacy Iworld System Migration	50	0	28	0	(22)
Housing					
40083 - Disabled Facilities Grant	2,271	1,042	1,700	196	(375)
40084 – Discretionary Grants Domestic Properties	213	70	120	93	0
Public Health and Wellbeing - Leisure and Sport					
40010 – North Oxfordshire Academy Astro turf	183	0	183	0	0
40019 – Bicester Leisure Centre Extension	34	0	34	0	0
40035 – Corporate Booking System	45	0	45	0	0
Total	17,990	1,821	15,451	2,058	(481)

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Cherwell District Council

Budget Planning Committee

Date of Meeting 25 January 2022

Capital and Investment Strategy 2022-23

Report of the Director of Finance

This report is public

Purpose of report

To submit the draft Capital and Investment Strategy for 2022-23.

1.0 Recommendations

The meeting is recommended:

- 1.1 To recommend the draft strategy for 2022-23 to Council.

2.0 Introduction

- 2.1 The Capital and Investment Strategy was introduced for 2019/20, to sit alongside the Treasury Management Strategy. These strategies meet, respectively, the requirements of the 2017 Prudential Code, the 2018 MHCLG Investment Guidance and the 2017 CIPFA Treasury Management Code of Practice.

3.0 Report Details

- 3.1 The **Capital Strategy** demonstrates how the council takes capital expenditure decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 3.2 The **Investment Strategy** relates only to non-treasury management investments. The purpose of the strategy is to demonstrate how the council:
 - Makes investment decisions (governance, advice taken etc)
 - Demonstrates investments are tied to corporate objectives
 - Assesses and monitors risk
 - Assesses and monitors return
 - Ensures there is appropriate capacity, skills and culture to support its strategy

Investments which are covered by this strategy include such things as:

- Loans to third parties (e.g. subsidiaries, charities, businesses) [Service loans]
- Purchase of shares (in subsidiaries, businesses etc)
- Property

4.0 Conclusion and Reasons for Recommendations

4.1 There is a requirement for full Council to approve this strategy prior to the start of each financial year.

5.0 Consultation

5.1 None

6.0 Alternative Options and Reasons for Rejection

6.1 There are no alternative options – this is a requirement placed upon all local authorities.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from any outcome of this report. The financial implications are incorporated into the draft budget 2022-23 and MTFS 2022-23 to 2026-27. Presentation of this report is in line with the CIPFA Code of Practice and Prudential Code

Comments checked by:

Michael Furness, Assistant Director – Finance

michael.furness@cherwell-dc.gov.uk

01295 221845

Legal Implications

7.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by:

Chris Mace, Solicitor, christopher.mace@cherwell-dc.gov.uk, 07702917916

Risk Management Implications

7.3 There are no risk management implications arising directly from any outcome of this report. The Capital and Investment strategy demonstrates how the council manages capital and investment risk. Risks are escalated as and when necessary to the leadership risk register.

Comments checked by:
Louise Tustian, Head of Insight and Corporate Programmes
louise.tustian@cherwell-dc.gov.uk 01295 221786

8.0 Decision Information

Key Decision: N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

Links to all areas of Corporate Plan

Lead Councillor

None

Document Information

Appendix number and title

- Appendix 1 – Capital and Investment Strategy 2022-23

Background papers

None

Report Author and contact details

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Cherwell District Council

Capital and Investment Strategy 2022/23

A. Capital Strategy (Including Minimum Revenue Provision (MRP) Statement)

A1. Introduction

- A1.1 The Prudential Code for Capital Finance sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Strategy must be approved by full Council.
- A1.2 The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved. This strategy should be read alongside and in conjunction with the Treasury Management Strategy and the Investment Strategy.

A2. Capital Expenditure and Financing

- A2.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year¹. 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. In 2022/23, the Council is planning capital expenditure of £15.8m as summarised below:

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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Services	9.7	12.5	0.0	0.0	0.0
Capital investments	56.8	36.4	15.8	1.3	1.5
TOTAL	66.5	48.9	15.8	1.3	1.5

- A2.2 The main capital projects across the period include Castle Quay, Bicester Depot and the Disabled Facilities Grants scheme (financed by the Better Care Fund)

Governance

¹ For details of the Council's policy on capitalisation, see Financial Regulations

- A2.3 Capital project bids linked to corporate or service priorities plus essential need are brought forward by Service Managers as part of the Budget & Business Planning process. These are considered by the senior officer leadership team, both in terms of priority and affordability. The Finance team undertake a calculation of the financing cost of proposals and recommend the level of investment based on affordability. Projects proposed to be included in the Council's capital programme are then considered and appraised by the Budget Planning Committee and provide comments to the Executive on the proposals. The Executive then, taking into consideration any comments, propose which schemes to include in the Capital Programme ahead of the final capital programme being proposed to Council in February each year.
- A2.4 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, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
External sources	12.5	9.8	1.6	0.0	0.0
Own resources	1.9	1.1	10.7	1.0	1.5
Debt	52.1	38.1	3.5	0.3	0.0
TOTAL	66.5	48.9	15.8	1.3	1.5

- A2.5 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). In addition, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance in £ millions

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Own resources	1.9	1.1	10.7	1.0	1.5

The Council's minimum revenue provision (MRP) statement is included at Appendix A below.

- A2.6 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 £3.5m during 2022/23.

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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
TOTAL CFR	228.6	266.7	270.2	270.5	270.6

Asset management

A2.7 To ensure that capital assets continue to be of long-term use, the Council has a property management strategy in place. This is a multi-level approach structured as follows:

- At a tenancy level the Comprehensive Asset Register (a database of key lease events) is being updated and used to identify forthcoming lease events such as expiries, rent reviews and breaks. These are allocated to specific asset managers to progress whose work schedules are reviewed periodically.
- At a property level this can comprise the preparation of asset specific management plans which are then subject to periodic review and updating. This process is ongoing and informs the portfolio strategy as a whole.
- At a portfolio level the make-up of the portfolio is considered annually in terms of its sector weighting and suitability to meet the Council's longer-term objectives of providing a secure risk weighted income stream. One such review is ongoing.

Asset disposals

A2.8 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 2024/25. In addition, there are currently no plans to utilise capital receipts on services transformation projects for 2022/23. Receipts from capital grants, loan repayments and investments also generate capital receipts.

A3 Treasury Management

A3.1 Treasury management is concerned with the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council typically has surplus cash in the short-term as revenue income is received before it is spent, but insufficient cash in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing. At 30 September 2021 the Council had borrowings of £167m at an average interest rate of 1.07%, and £44.1m of investments at an average interest rate of 0.08%. The borrowing position is reported regularly to Accounts, Audit & Risk Committee as part of the Treasury Management Reports.

Borrowing strategy

- A3.2 The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. This objective often conflicts, and the Council therefore seeks to strike a balance between lower cost short-term loans (currently available at around 0.1% to 0.3%) and long-term fixed rate loans where the future cost is known, but higher cost (currently 1.5% to 2.0%).

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 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31st March 2021 Actual	31st March 2022 forecast	31st March 2023 forecast	31st March 2024 forecast	31st March 2025 forecast
Debt (incl. PFI & leases)	184.6	222.7	226.2	226.5	226.6
Capital Financing Requirement	228.6	266.7	270.2	270.5	270.6

- A3.3 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5 above the Council expects to comply with this in the medium term.

Affordable borrowing limit

- A3.4 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 6: Prudential Indicators: Operational boundary and Authorised limit for external debt in £m

	2021/22 limit	2022/23 limit	2023/24 limit	2023/24 limit
Operational boundary total external debt	270	290	290	290
Authorised limit total external debt	300	310	310	310

Further details on treasury investments can be found in the treasury management strategy.

A4. Commercial Activities

A4.1 To drive leadership of place within Cherwell, stimulate growth, pursue economic regeneration and helping to return confidence to the local economy through investment and facilitating inward investment, the Council invests in commercial property which may also provide some financial gain. Total commercial investments are currently (31 March 2021) valued at £45m with the largest being Castle Quay.

A4.2 From a financial perspective, the Council recognises that commercial investments can be higher risk than treasury investments. The principal risk exposures are listed below together with an outline of how those risks are managed:

Illiquidity:	<p>The Council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies:</p> <ul style="list-style-type: none"> a) The council invests across a range of sectors. Illiquidity is to an extent fluid and at any given time varies across sectors. This allows the Council the opportunity to effect sales, if required, in the more liquid sectors. b) The Council's assets are likewise diversified in terms of lot size and market sector. This affords the Council the ability to access a range of purchaser types e.g. small local investors, listed property companies or institutions. c) The Council's investments are not what is termed 'Investment Grade', but they are fundable – i.e. if sold they could be suitable for debt backed investors. d) The Council's assets are uncharged. It is often lenders who require assets to be sold and whilst gearing does not increase illiquidity per se, it can expose an owner to greater risk of selling an illiquid asset at an inopportune time.
Tenant default:	<p>The Council's portfolio includes both large national concerns and small local businesses (mainly retail or industrial type tenants). Tenant default risk is managed in two ways:</p> <ul style="list-style-type: none"> a) Tenants are vetted when entering the portfolio either as new tenants when property is let or as replacement tenants when existing tenants assign their leases. It has to be acknowledged that there is less control when a tenant applies for consent to assign, though guarantees may be sought. b) Risk is managed by diversification as only a small proportion of tenants will fail in any given year. c) A commercial risk earmarked reserve is held to meet any shortfall in income which may arise in year due to default.

Obsolescence:	<p>A significant proportion of the Council's portfolio comprises industrial / warehouse buildings and simple retail assets which have relatively low obsolescence compared to industrial premises where there are substantial amounts of plant and machinery. Where the Council has offices a sinking / replacement fund is put in place with annual sums collected from tenants to put towards high cost items such as the replacement of lifts or air conditioning. An example of this is the Banbury Health Centre which has a renewals fund set at £10,000 per annum. In other leases the Council will try to negotiate terms which allow for the replacement of obsolete plant when it is beyond economic repair.</p> <p>Where matters of Council policy override commercial concerns, the Council's portfolio is more vulnerable. For example, at Banbury Museum, the Council may be responsible for significant capital outlay on plant and machinery as it nears the end of its useful economic life.</p>
Capital expenditure	<p>Please see above but also note that the Council aims to let space on Full Repairing terms which makes the tenant either explicitly responsible for maintaining the asset or allows CDC to recover the cost of repairs through the service charge provisions of the relevant lease.</p>
Market risk:	<p>Two key market risks are falling rents in response to declining economic conditions and extended marketing voids when leases end or tenants fail. These risks are mitigated in three main ways:</p> <ol style="list-style-type: none"> 1. Lease lengths should be 3 – 5 yrs + which obviates most market risks during the period of the tenancy. 2. Rents are reviewed on a regular basis to maximise the income generated. 3. Tenant failure – see above under Tenant Default, re: vetting and diversification policies plus earmarked reserves held. <p>An additional risk is over-exposure to town centre retailing as the portfolio's largest assets are Castle Quay Shopping Centre in Banbury and Pioneer Square in Bicester. These are both strategic investments and in respect of Castle Quay, the Council relies on external advisors, particularly Montagu Evans, to identify and manage both upside and downside risks.</p>
Returns eroded by inflation:	<p>All investment assets incorporate periodic rent reviews which provide a hedge against inflation. Property is generally accepted as performing better than fixed income assets in times of inflation.</p>
Rising interest rates:	<p>The portfolio is ungeared and therefore un-mortgaged.</p>

Governance

- A4.3 Decisions on commercial investments are made by Members and Statutory Officers in line with the criteria and limits approved by Council in the 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 on their use can be found in the Investment Strategy.

- A4.4 The Council also has commercial activities in trading companies, exposing it to normal commercial risks. These risks are managed by the governance structure in place. The Shareholder Committee is regularly informed of the progress of each company. The Shareholder meets with the directors both formally and informally to ensure there is a consistent dialog between the companies and the council.

A5. Revenue Budget Implications

- A5.1 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 7: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Net Financing costs/(Income)(£m)	£0.19m	(£0.02m)	£0.05m	£0.36m	£0.70m
Proportion of net revenue stream	0.8%	(0.1%)	0.2%	2.7%	5.0%

Further details on the revenue implications of capital expenditure are in the 2022/23 revenue budget.

Sustainability

- A5.2 Due to the very long-term nature of capital financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future, which aligns with the attached MRP Statement. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.

A6. Knowledge and Skills

- A6.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with many years' experience. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and RICS.

A6.2 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 Link Group as treasury management advisers and a range of property advisors as follows:

- Banbury based surveyors White Commercial, Wild Property Consultancy and Bankier Sloane provide advice on the local property market, and assistance with new lettings, lease renewals, smaller valuations and rent reviews.
- Where specialist advice is required, the Council will ask for competitive quotes.
- Montagu Evans supply asset management and facilities management in respect of Castle Quay.
- Avison Young supply specialist accounting services in respect of Castle Quay.
- Montagu Evans and Colliers both provide property valuation services
- BWD and Jackson Criss assist with Castle Quay lettings
- Gardiner Theobald provide project management, QS, CDM and Design services on Castle Quay Waterfront
- Broomfield Property Consultants Ltd and Prime Project Management Ltd provide services relating to Castle Quay and other property related projects

This approach is more cost effective than employing such staff directly and ensures that the Council has up to date access to market knowledge and skills commensurate with its risk appetite.

Appendix A – Minimum Revenue Provision (MRP) Statement

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The Council is required by statute to charge an amount of MRP to the General Fund Revenue account each year for the repayment of debt. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council tax payers.
2. Legislation requires local authorities to draw up a statement of their policy on the annual MRP, for full approval by Council before the start of the financial year to which the provision will relate.
3. The Council is recommended therefore to approve the following statement:
 - For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
4. For capital expenditure loans to third parties MRP will be charged over 50 years. Repayments of loan principal received by the council will be treated as capital

receipts and used to reduce the CFR or avoid future additional borrowing, thus reducing future annual MRP charges.

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24.

The Department for Levelling Up, Housing and Communities (DLUHC) is currently consulting on proposed changes to the MRP calculation. The purpose of the proposal is to prevent local authorities using capital receipts to reduce its MRP charge (except where receipts act to reduce the CFR) and to prevent exclusion of specific types of debt, such as that from subsidiary companies, from the MRP calculation. The consultation closes on the 8th February 2022 with any revised guidance being issued later in the year. The Council has updated its MRP policy in anticipation of this being introduced.

B. Investment Strategy 2021/22

B1. Introduction

B1.1 The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

B1.2 The investment strategy was a new report introduced for 2019/20, meeting the requirements of statutory guidance issued by the Government in January 2018, and focuses on the second and third of these categories.

B2. Treasury Management Investments

B2.1 The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus 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 be an average of £21m during the 2022/23 financial year.

Contribution

B2.2 The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details

- B2.3 Full details of the Council's policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the treasury management strategy

B3. Service Investments: Loans

Contribution

- B3.1 The Council lends money to its subsidiaries, local parishes, local charities to support local public services and stimulate local economic growth. The main loans issued are to the council's subsidiaries – the Graven Hill Village companies and Crown House Banbury Ltd. Graven Hill is a self-build housing development providing significant housing in Bicester. Crown House is a redeveloped derelict office building in the centre of Banbury which is providing significant rental opportunities in the town centre.

Security

- B3.2 The main risk when making service loans is that the borrower will be unable to repay the principal lent 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 £ millions

Category of borrower	31.3.2021 actual			2022/23
	Balance*	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	59.938	(0.977)	58.961	85.900
Local charities	1.221	(0.134)	1.087	1.150
Parishes	0.058	0.000	0.058	0.100
TOTAL	61.217	(1.111)	60.106	87.150

** including accrued interest*

- B3.3 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. The Council, however, makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment

- B3.4 The Council assesses the risk of loss before entering into and whilst holding service loans by approaching each loan request individually. The bulk of the council's loans are to its subsidiaries. When the council considers whether or not to create or acquire a subsidiary a full business case is prepared which sets out the optimal financing of the company. This will include an assessment of the market in which it will be competing, the nature and level of competition, how that market may evolve

over time, exit strategy and any ongoing investment requirements. External advisors are used where appropriate to complement officer expertise and second opinions from alternate advisors is sought in order to monitor and maintain the quality of advice provided by external advisors.

B3.5 Other service loans are evaluated against a set of criteria designed to demonstrate:

- Evidence of project objectives and needs analysis is provided
- The loan must have a demonstrable community impact
- The loan would provide up to 50% of the whole project cost
- Such a loan can only be applied for by constituted voluntary organisations with their own bank account; Town or Parish councils; charitable organisations
- The loan cannot be applied retrospectively
- The applicant has provided evidence of its financial stability and of its ability to manage the proposed scheme.
- Appropriate checks have been carried out on the owners of the organisations to be satisfied as to their integrity and to avoid any potential embarrassment to the Council.
- The applicant has demonstrated that the proposed scheme has been developed following good practice in terms of planning, procurement and financial appraisal.
- The applicant has provided evidence the affordability of their proposed scheme and the loan repayments
- That the project furthers the council's priorities as reflected in its Business Plan

B4. Service Investments: Shares

Contribution

B4.1 The council invests in the shares of its subsidiaries to support local public services and stimulate local economic and housing growth. The council currently holds shares in Graven Hill Holding Company Ltd and Crown House Banbury Ltd.

Security

B4.2 One of the risks of investing in shares is that they can fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.3.2021 actual			2022/23
	Amounts invested	Gains or losses	Value in accounts	Approved Limit

Subsidiaries	33.053	0	33.053	38.263
TOTAL	33.053	0	33.053	38.263

Risk assessment

- B4.3 The Council assesses the risk of loss before entering into and whilst holding shares by maintaining close links with the Boards of Directors of the companies through an established Shareholder Committee. Risk is assessed as above in Service Loans.

Liquidity

- B4.4 The maximum periods for which funds may prudently be committed are assessed on a project by project basis. The decision will balance both the long-term viability of the subsidiary and the revenue and capital requirements of the Council.

Non-specified Investments

- B4.5 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.

B5. Commercial Investments: Property

Contribution

- B5.1 The Council invests in local commercial and residential property with the intention of making a profit that will be spent on local public services. The portfolio comprises a cross-section of retail, office and industrial assets together with a health centre. The four largest investments are as follows:

- Castle Quay, Banbury; a covered shopping centre and development site
- Pioneer Square, Bicester; a modern retail parade of shops
- Franklins House, Bicester; a mixed-use complex comprising offices, hotel, business centre and public library
- Tramway Industrial Estate

- B5.2 These assets contribute an aggregate £5.1m gross income to the council's revenue budget. They are all town centre properties and afford the Council an opportunity to influence the amenity and environment of its two principal strategic centres. Castle Quay will, in particular, allow the development of a new leisure orientated focal point to help revitalise Banbury town centre.

The component parts of the entire investment portfolio are described below:

Table 3: Property held for investment purposes in £ millions

Property	Actual	31.3.2021 Actual			31.3.2022 Expected	31.3.2023 Expected
	Purchase Cost	Net Book Value in accounts 31.3.2020	Expenditure, Gains or (losses)	Net Book Value in accounts 31.3.2021	Net Book Value in accounts	Net Book Value in accounts
Castle Quay Shopping Centre	63.485	33.000	(11.375)	21.625	25.422	27.063
Castle Quay Waterfront	0.000	0.000	0.000	0.000	72.013	73.872
Pioneer Square	8.164	7.369	(2.947)	4.412	4.412	4.412
Tramway Industrial Estate	9.618	9.250	0.010	9.260	9.260	9.260
Other properties valued under £5m	13.092	11.511	(1.501)	10.009	10.009	10.009
TOTAL	94.359	61.121	(15.814)	45.306	121.116	124.616

Security

B5.3 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.

Risk assessment

B5.4 The Council assesses the risk of loss before entering into and whilst holding property investments by cash flow modelling the income and expenditure profile of each investment and interrogating that model across a range of scenarios to test the robustness of the investment. The modelling exercise is informed by the likelihood of tenant default and the chances that individual units will become empty during the hold period.

B5.5 The property investment market is dynamic, and we are kept abreast of developments by frequent communication and established relationships with local and national agents, supplemented by in-house investigations and reading of published

research. The market is, at present, competitive in most asset sectors and our focus is on assets that are local, strategic and meet our investment return criteria. We are mindful of the Council's need for reliable future income streams and occupational demand is fundamental to our appraisals as longer let assets tend not to generate sufficiently attractive returns.

B5.6 In all acquisitions we take external advice from acknowledged experts in the field and sense-check their input against our in-house knowledge, experience and expertise. The advice sourced covers market value but also, given the purpose of the investment, letting risk, marketability and occupational demand, and likely expenditure over the hold period.

B5.7 The Council uses a number of local and national advisors and cross reference their views periodically. There is no single party who expects to be instructed by the Council without competition.

B5.8 Credit ratings are used on acquisitions, new lettings and when tenants request consent to assign their leases. The Council uses D&B ratings and also study published accounts.

Credit ratings have not historically been used to monitor existing tenants but this will be introduced for our largest tenants this year.

B5.9 A number of other strategies are used to mitigate risk:

- Tenant rent payment histories are analysed on any acquisition.
- Tenant rent payment patterns and arrears are examined in the existing portfolio.
- Introducing agents advise the council throughout the acquisition process and their advice includes market commentary at a national and a local level and commentary on perceived risks to the investment.
- In tandem with the above every acquisition is subject to a third-party valuation by national surveyors who are independent i.e. not acting for the council or the vendor on the acquisition.

Liquidity

B5.10 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 invested funds can be accessed when they are needed, for example to repay capital borrowed, the council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies:

- The Council invests across a range of sectors. Illiquidity is, to an extent, fluid and at any given time varies across sectors. This allows the Council the opportunity to effect sales, if required, in the more liquid sectors.
- The Council's assets are, likewise, diversified in terms of lot size. This affords the Council the ability to access a range of purchaser types e.g. small local investors, listed property companies or institutions.
- The Council does not invest in high risk assets which can be the most illiquid of all.
- The Council's investments are not what is termed 'Investment Grade', but they are fundable – i.e. if sold they could be suitable for debt backed investors.

- The Council does not invest in specialist properties, where the market tends to be most illiquid.
- The Council's assets are uncharged. It is often lenders who require assets to be sold and whilst gearing does not increase illiquidity per se, it can expose an owner to greater risk of selling an illiquid asset at an inopportune time.

B6. Loan Commitments and Financial Guarantees

B6.1 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 has contractually committed to the following loan amounts which have yet to be drawn upon (as at 31/3/21):

Table 4: Loan Commitments and Guarantees

Borrower	Purpose	£m Contractually Available
Graven Hill Village Development Company Ltd	Revolving Credit Facility available to the council's subsidiary until 2026	17.0
Graven Hill Village Development Company Ltd	Facility Agreement that has been in place since 2014 to deliver the project.	5.7
Graven Hill Village Development Company Ltd	Loan Note instruments to enable the company to deliver its objectives	2.1
TOTAL		24.7

The Council has also provided bonds and guarantees to the value of £50.1 million to Oxfordshire County Council (OCC) on behalf of Graven Hill Village Development Company Ltd in respect of the Company's obligations to OCC under s.106, s.278 and s.38 agreements. These are due to reduce by 80% by the end of 2022 and expire by the end of 2024.

B7. Capacity, Skills and Culture

Elected members and statutory officers

B7.1 The majority of senior statutory officers are qualified to degree level and have appropriate professional qualifications. Their shared business experience encompasses both the public and private sectors and the three most senior Property & Investment team members have on average 20+ years commercial experience.

Training and guidance are provided to support members in delivering their roles and support effective decision making.

Commercial Investments

- B7.2 Negotiations are either undertaken directly by Assistant Directors or at a senior level with Assistant Director direct involvement and oversight, alongside input from Directors and Lead Members where required. Assistant Directors are aware of the regulatory regime and convey that to all junior staff.

Corporate governance

- B7.3 There are appropriate corporate governance measures in place which comprise end to end decision making procedures. These include risk assessments within the organisation; presentation to relevant committees including Members, statutory officers' approvals and relevant project boards. The annual Corporate Investment Strategy provides the reference point against which investment decisions are undertaken.

B8. Investment Indicators

- B8.1 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

- B8.2 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 and guarantees the council has issued over third-party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	38.6	38.6	15.0
Service investments: Loans	61.2	71.7	66.4
Service investments: Shares	29.1	31.7	31.7
Commercial investments: Property	45.3	121.1	124.6
TOTAL INVESTMENTS	174.2	263.1	237.7
Commitments to lend	24.7	14.8	20.8
TOTAL EXPOSURE	198.9	277.9	258.5

How investments are funded

B8.3 Government guidance is that these indicators should include how investments are funded. The Council's investments are funded by usable reserves, income received in advance of expenditure and borrowing.

The peak identified exposure (£277.9m) in table 5 is within the authorised limit of £310m (see section A3.2) which the council deems to be manageable.

Rate of return received

B8.4 This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, 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.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.27%	0.08%	0.22%
Service investments: Loans	1.5% - 12%	1.5% - 12%	1.5% - 12%
Commercial investments: Property	Variable	Variable	Variable

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Cherwell District Council

Budget Planning Committee

Date of Meeting 25 January 2022

Reserves Review

Report of the Director of Finance

This report is public

Purpose of report

To update Budget Planning Committee (BPC) on the Review of Reserves that has taken place in preparation of the budget for 2022/23 and the Medium-Term Financial Strategy (MTFS) 2022/23 – 2026/27.

1.0 Recommendations

The meeting is recommended:

- 1.1 to note the outcome of the review of reserves and the forecast over the MTFS period.
- 1.2 to provide the Executive with feedback on whether the Committee supports the draft reserve allocations.

2.0 Introduction

- 2.1 The Council undertakes a review of its reserves at least annually. The reserves are divided into the following strategic pots:
 - General Balances
 - Earmarked Reserves
 - Revenue Grant Related Reserves
 - Capital Reserves

This report delivers the outcome of the review for 2021/22 for inclusion in the Budget and Medium-Term Financial Strategy 2022/23 – 2026/27 report which will be taken to the Executive and Council in February 2022.

3.0 Report Details

- 3.1 Council approved the Reserves Policy (attached at Appendix 1 for reference) at its meeting in February 2021 and since then the Executive has been consulted on proposed movements to and from reserves regularly as part of the monthly

performance reporting. A further review has taken place to consider the forecast use of reserves to ensure the Council retains a prudent level of reserves over the medium term.

- 3.2 The review was carried out in a number of stages:
1. understanding what plans there were to spend reserves that were held over the next five years
 2. considering what level of general balances CDC should hold, based on a risk assessment
 3. identifying those reserves that are ringfenced as they have specific grant objectives to deliver
 4. considering what strategic earmarked reserves CDC should hold

3.3 After carrying out a risk assessment, it is proposed that the Council increases its level of general balances to £6m, an increase of £0.5m on the current balance of £5.5m. This will be achieved by making a contribution to reserves in 2022/23. Additional contributions to Strategic reserves are also included in the draft budget for 2022/23:

- Projects Reserve - increase of £1m to fund future projects the Council wishes to pursue.
- Redundancy Reserve - increase of £0.25m to meet future redundancy or pension fund strain costs that may be incurred
- Funds originally earmarked for the Growth Deal (£0.742m) will now be funded from S106 receipts and so this amount has been transferred to the Projects Reserve

A summary of the outcome of the reserves review can be seen in Table 1 and the detailed reserves anticipated to be held by the Council can be seen at Appendix 2.

Table 1: Overview of reserves

	Actual Balance 1 April 2021	Forecast Transfer TO Reserves	Forecast Transfer FROM Reserves	S151 Review of Reserves	Forecast Balance 1 April 2022	2022/23	2023/24	2024/25	2025/26	2026/27	Expected Balance 1 April 2027
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Balances	(5.520)	0.000	0.000	0.000	(5.520)	(0.500)	0.000	0.000	0.000	0.000	(6.020)
Earmarked Reserves	(21.328)	(1.805)	1.201	0.000	(21.932)	2.312	3.644	(1.973)	(2.481)	1.962	(18.467)
Revenue Grants	(7.659)	(1.928)	5.432	0.000	(4.155)	0.881	0.327	0.243	0.201	0.000	(3.426)
Capital Reserves	(0.756)	(0.014)	0.080	0.000	(0.690)	0.000	0.000	0.000	0.000	0.000	(0.690)
Sub-TOTAL RESERVES	(35.263)	(3.747)	6.712	0.000	(32.297)	2.693	3.972	(1.729)	(2.280)	1.962	(28.603)
Revenue Grants relating to cashflow timing	(23.897)	(8.609)	22.867	0.000	(9.639)	8.715	0.000	0.000	0.000	0.000	0.000
TOTAL RESERVES	(59.159)	(12.356)	29.579	0.000	(41.936)	11.408	3.972	(1.729)	(2.280)	1.962	(28.603)

3.4 It should be noted that the uses of reserves for the 2022/23 budget and MTFs are still being finalised so figures may be updated in the final budget proposals.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The proposed allocations of reserves will retain flexibility in how the Council uses its reserves in the future and also puts in place mitigations for risks the Council may face in the future.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.
- Option 1: Do nothing. This would leave resources in earmarked funds that have been funded in alternative ways and reduce the Council's strategic flexibility with its reserves.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no immediate financial implications associated with this report. The Reserves Policy and proposed changes to reserves will be considered by the Executive and uses of/contributions to reserves agreed by Council as part of the 2022/23 budget.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications

- 7.2 There are no legal implications associated with this report.

Comments checked by:

Christopher Mace, Solicitor, Tel 01295 221822, Email: chris.mace@cherwell-dc.gov.uk

Risk Implications

- 7.3 The move to retain general balances at their current level and more strategic reserves will help the Council to manage financial risks that materialise in the future. This will be managed within the Leadership Risk Register

Comments checked by:
Louise Tustian, Head of Insight & Corporate Programmes 01295 221786
Louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- Appendix 1 – Reserves Policy
- Appendix 2 – Reserves Forecast

Background papers

None

Report Author and contact details

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CHERWELL DISTRICT COUNCIL RESERVES POLICY

1. Background

- 1.1. The purpose of this policy is to set out how Cherwell District Council (CDC) will determine and review its overall level of reserves and how it uses them.
- 1.2. Sections 31A and 42A of the Local Government Finance Act 1992 require authorities to have regard to the level of balances and reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 1.3. CDC has usable reserves and unusable reserves on its Balance Sheet. The unusable reserves are as a result of accounting adjustments and are not therefore available to spend. This policy will concentrate on usable reserves.

2. General Policy

- 2.1. Usable reserves can be split into the following categories:
 - General Balances
 - Earmarked Reserves
 - Revenue Grant Related Reserves
 - Capital Reserves
- 2.2. CDC maintains usable reserves primarily for the following reasons:
 - The need to put aside sums in case of unexpected or unplanned events or emergencies.
 - To smooth out the impact of payments on the revenue account
 - To cover timing differences such as grant money received in any given year where expenditure takes place in a later year
 - To provide pump prime funding for projects to deliver changes in working practices on an invest to save basis. Any approved use on this basis must include an agreed repayment plan
 - A means of building up funds to meet known or predicted liabilities
- 2.3. Reserves can only be used on a one-off basis which means that their application does not offer a permanent solution to delivering savings or reductions in the level of expenditure.

3. Usable Reserves

3.1. General Balances

- 3.1.1. These are funds that do not have restrictions as to their use. CDC can use them for any purpose within the General Fund. The purpose of general

reserves is to manage the impact of exceptional emergencies and unforeseen events. Without such reserves the potential financial impact of these unforeseen events could cause a financial deficit in the General Fund, which would be severely disruptive to the effective operation of the authority.

3.2. Earmarked Reserves

3.2.1. Earmarked Reserves enable CDC to set aside sums to meet specific future anticipated liabilities. Funds could be set aside for items such as (but not limited to):

- cyclical maintenance,
- cyclical events such as elections,
- income generated that must be spent on specific purposes,
- managing market volatility (e.g. commercial rent)
- insurance.

3.2.2. Earmarked reserves should not be held for a sustained period of time as they are held for a specific purpose¹. Where earmarked reserves are no longer required for their original purpose or are not expected to be spent over the medium term they should be reviewed and a decision made on using for alternative purposes.

3.2.3. In line with financial regulations, where a service has generated a service underspend as part of its day to day running, this should not be requested to be set aside as an earmarked reserve without a specific purpose; it should contribute to the overall benefit of CDC's financial position and the achievement of its corporate objectives.

3.2.4. The request to use earmarked reserves, create new earmarked reserves or contribute to existing earmarked reserves (where not approved as part of the budget) must be approved by the Executive. The allocation of Earmarked Reserves will be made when services can demonstrate that the funding is required for that particular purpose.

3.3. Revenue Grant Related Reserves

3.3.1. These reserves relate to the unused element of grant support for which the conditions of the grant are expected to be met. The reserves will be used to meet future years' expenditure for the service for which the grant was awarded. These reserves are managed by Directors.

3.3.2. CDC holds various Section 106 reserves which were contributed by private companies to improve the local community. The fund must be used for the specific scheme and within the agreed timescale. If funds are not used they need to be returned back to the contributors.

¹ with the exception of insurance reserves held to manage risk for which it is difficult to forecast when they will be called upon

3.3.3. Use of these reserves should be planned as part of the budget setting process. Use of these reserves during the financial year requires approval by the Section 151 Officer.

3.4. Capital Reserves:

3.4.1. These are reserves that have been set aside to finance capital schemes and cannot be used to support revenue expenditure without the consent of the Secretary of State for Local Government. These reserves comprise:

- Capital Receipts Reserve reflects the income received from the disposal of capital assets prior to being used to fund future capital expenditure or for the redemption of debt. Capital receipts cannot be used to fund revenue expenditure except where allowed by statute. CDC will allocate resources from the Capital Receipts Reserve in line with its priorities
- Capital Grants Unapplied reflects the unused element of capital grants or capital contributions awarded to CDC, for which the conditions of the grant support are expected to be met or for which there are no conditions. The reserve will be used to meet future years' capital expenditure in a way which best fits with CDC's priorities.

4. **Determining the Level of General Balances and Earmarked Reserves**

4.1. CDC must maintain sufficient general balances and earmarked reserves to cover the key financial risks and contingencies.

4.2. Section 25 of the Local Government Finance Act 2003 requires that when a local authority is agreeing its annual budget and council tax precept, the Chief Finance Officer must report on the adequacy of the proposed financial reserves

4.3. As part of the budget setting process the Section 151 Officer will consider and assess the level of general balances and earmarked reserves. Consideration will be given to the strategic, operational and financial risks facing CDC.

4.4. Major factors to be considered when evaluating the level of general balances and earmarked reserves, include but are not limited to the following:

Budget Assumptions	Issues to Consider
Inflation and interest rate volatility	The overall financial standing of CDC
Scale of budget gap over the medium term	The trend of CDC's financial management and the robustness of the MTFS – i.e. is it balanced over the medium term and delivered annually?

Savings delivery	Size, scale, complexity and pace of the savings programme and risks around slippage or non-delivery.
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of CDC's arrangements to cover major unforeseen risks.
Income streams	Volatility in levels of income
Government funding	Political landscape and approach to allocating funding across local government

5. Governance and Review

- 5.1. The Council recognises the need to hold and maintain adequate reserves that meet the needs of the organisation. However, there is an opportunity cost as a result of the Council allocating resources away from other potential uses. It is therefore essential for the Section 151 Officer to regularly review the purpose and level of reserves.
- 5.2. All anticipated use of reserves should be understood and recognised as part of the budget setting process and agreed when Council approves the budget.
- 5.3. Any identified use of, or contribution to, reserves after the budget has been set should be approved by the Executive, or the Section 151 Officer in the case of grant reserves, prior to the budget being changed. Uses should be for specific purposes for which reserves have been set aside and not to address savings non-delivery or budget pressures. Contributions to reserves should be for specific costs expected to be incurred in the future.
- 5.4. The reserves position is reported quarterly as part of the revenue monitoring process. The planned usage of reserves is also included as part of the budget setting process. In addition the level and use of reserves is reported and reviewed during the closedown process.
- 5.5. The reserves policy will be reviewed annually as part of the budget setting process.

6. Use of Reserves Approval

- 6.1. Table 1 below shows the level of approval required to use or contribute to usable reserves.

Table 1 Level of approval required for requested use of or contribution to reserves

Type of Reserves	Level of Approval Required
General Reserves and Balances	Executive*
Earmarked Reserves	Executive*
Revenue and Capital Grant Related Reserves	Section 151 Officer
Capital Reserves**	Executive*

* Unless previously approved by Full Council as part of approval of the budget

** Approval required for contribution from reserves only

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Reserves Forecast

Appendix 2

Category	Description	Owner	Description on record	Actual Closing Balance 31 March 2021	2021/22 Forecast				Expected Use over MTF5 Period					
					Forecast Transfer TO Reserves	Forecast Transfer FROM Reserves	S151 Review of Reserves	Forecast Balance 1 April 2022	2022/23	2023/24	2024/25	2025/26	2026/27	Expected Balance 1 April 2027
				£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
General Balances														
General Balances	General Fund Balance	Lorna Baxter	Strategic corporate purposes and risk management	(5.520)	0.000	0.000		(5.520)	(0.500)	0.000	0.000	0.000	0.000	(6.020)
Earmarked Reserves														
Earmarked Reserve	Building Control	Bill Cotton	To manage the trading account for Building Control	(0.024)	0.000	0.000		(0.024)	0.024	0.000	0.000	0.000	0.000	0.000
Earmarked Reserve	Country Park Reserve	Bill Cotton	This reserve is used to fund major improvement works at the County Parks	(0.100)	0.000	0.050		(0.050)	0.025	0.025	0.000	0.000	0.000	0.000
Earmarked Reserve	Elections	Richard Webb	The reserve has been set up to recognise that standalone district elections are now annual in all wards.	(0.158)	0.000	0.090		(0.068)	0.000	0.000	0.000	0.000	0.000	(0.068)
Earmarked Reserve	Licensing	Richard Webb	This reserve holds licensing receipts to offset future costs related to the council's licensing responsibilities.	(0.161)	0.000	0.000		(0.161)	0.040	0.030	0.030	0.030	0.000	(0.031)
Earmarked Reserve	Local Plan Charges	Bill Cotton	The reserve has been created to fund the one-off costs associated with the provision of the Local Plan	(0.249)	0.000	0.048		(0.201)	0.050	0.151	0.000	0.000	0.000	0.000
Earmarked Reserve	Planning Control	Bill Cotton	This Appeals and Legal Challenge balancing reserve will be used to fund the costs associated with challenges to planning decisions which exceed budget provisions	(0.259)	0.000	0.000		(0.259)	0.050	0.000	(0.050)	0.000	0.000	(0.259)
Earmarked Reserve	Pensions Deficit	Lorna Baxter	To mitigate the cost of the pension deficit at the next triennial review	(0.054)	(1.675)	0.000		(1.729)	(1.675)	3.325	(1.675)	(1.675)	3.325	(0.104)
Earmarked Reserve	Bicester reserve	Bill Cotton	To assist the Council with funding Bicester projects	(0.183)	0.000	0.000		(0.183)	0.000	0.050	0.050	0.050	0.000	(0.033)
Earmarked Reserve	Transformation and Projects Reserve	Steve Jordan	This reserve will be used to cover the costs of transformation projects across the council.	(3.925)	0.000	0.129		(3.796)	0.000	0.000	0.000	0.000	0.000	(3.796)
Earmarked Reserve	Health & Safety - Public Food	Richard Webb	Funds from services delivered on a cost recovery basis by Health Protection & Compliance to support the continuation of these services alongside core statutory work	(0.030)	0.000	0.000		(0.030)	0.020	0.000	0.000	0.000	0.000	(0.010)
Earmarked Reserve	Bicester Depot	Bill Cotton	Virement to move overspends from property for new Bicester Depot	(0.015)	0.000	0.015		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Earmarked Reserve	Carry Forwards from 20/21	Various	Fully distributed; no longer required.	(0.144)	(0.015)	0.144		(0.015)	0.000	0.000	0.000	0.000	0.000	(0.015)
Earmarked Reserve	Dilapidations	Steve Jordan	To cover the costs of returning a commercial unit to the rental market at the end of the lease term	(0.250)	(0.100)	0.000		(0.350)	0.125	0.025	0.025	0.025	0.025	(0.125)
Earmarked Reserve	Capital Reserve	Lorna Baxter	Revenue contributions to fund capital expenditure.	(3.000)	0.000	0.180		(2.820)	1.200	0.000	0.000	0.000	0.000	(1.620)
Earmarked Reserve	Projects	Lorna Baxter	A pot for small uses identified during the year.	(1.906)	0.000	0.284	(0.742)	(2.363)	(1.036)	0.000	0.000	0.000	0.000	(3.399)
Earmarked Reserve	Redundancy Reserve	Lorna Baxter	To cover the costs of potential future redundancies.	(1.000)	0.000	0.250		(0.750)	(0.250)	0.000	0.000	0.000	0.000	(1.000)
Earmarked Reserve	Commercial Risk Reserve	Lorna Baxter	To be used to manage the in-year budget if commercial income pressures arise.	(4.404)	0.000	0.000		(4.404)	0.000	0.000	(0.462)	(0.916)	(1.388)	(7.170)
Earmarked Reserve	Growth Deal	Bill Cotton		(1.297)	0.000	0.000	0.742	(0.555)	0.204	0.000	0.000	0.000	0.000	(0.351)

Category	Description	Owner	Description on record	Actual Closing Balance 31 March 2021	2021/22 Forecast				Expected Use over MTF5 Period					Expected Balance 1 April 2027	
					Forecast Transfer TO Reserves	Forecast Transfer FROM Reserves	S151 Review of Reserves	Forecast Balance 1 April 2022	2022/23	2023/24	2024/25	2025/26	2026/27		
Earmarked Reserve	M&S Surrender Premium	Lorna Baxter	To be held pending strategic use.	(3.500)	0.000	0.000		(3.500)	3.500	0.000	0.000	0.000	0.000	0.000	0.000
Earmarked Reserve	DOVECOTE MILCOMBE	Steve Jordan	The reserve has been generated from S106 monies and will be used as maintenance funds to be used on an ongoing basis	(0.032)	0.000	0.000		(0.032)	0.000	0.000	0.000	0.000	0.000	0.000	(0.032)
Earmarked Reserve	Bicester Youth Bus	Claire Taylor	Supporting the cultural development of the town over the medium term through Bicester Festival	(0.030)	0.000	0.000		(0.030)	0.010	0.008	0.008	0.005	0.000	0.000	0.000
Earmarked Reserve	Sport and Physical Activities	Claire Taylor	Supporting programmes targetting deprivation and lack of access to opportunities for physical activity	(0.055)	(0.015)	0.000		(0.070)	0.000	0.000	0.070	0.000	0.000	0.000	0.000
Earmarked Reserve	Courtyard Youth Arts	Claire Taylor	The reserve is used to fund projects at the Courtyard through Oxfordshire Youth Arts Partnership Trust	(0.009)	0.000	0.000		(0.009)	0.003	0.003	0.003	0.000	0.000	0.000	0.000
Earmarked Reserve	Housing Reserve	Stephen Chandler / Bill Cotton	This reserve supports work within Housing and Planning to support one-off costs associated with growth within the district.	(0.322)	0.000	0.000		(0.322)	0.000	0.000	0.000	0.000	0.000	0.000	(0.322)
Earmarked Reserve	Home Improvement Agency	Stephen Chandler	This reserve is for covering the costs of Home Improvement Agency Projects as required	(0.221)	0.000	0.011		(0.210)	0.021	0.028	0.029	0.000	0.000	0.000	(0.132)
	Revenue Grants					0.000									
Revenue Grants	Eco Town Revenue	Bill Cotton	The reserve is used to fund Eco Town project as monitored by Place Programme and Project Board	(0.000)	0.000	0.000		(0.000)	0.000	0.000	0.000	0.000	0.000	0.000	(0.000)
Revenue Grants	S31 Reserve	Lorna Baxter	S31 grants received in advance to aid councils' cashflow	(23.897)	(8.609)	22.867		(9.639)	8.715	0.000	0.000	0.000	0.000	0.000	(0.924)
Revenue Grants	Covid 19 Reserve	Lorna Baxter	First tranche of government compensation grant	0.000	(1.616)	0.000		(1.616)	0.000	0.000	0.000	0.000	0.000	0.000	(1.616)
Revenue Grants	COMF - Customer Services	Mark Haynes		(0.015)	0.000	0.000		(0.015)	0.000	0.000	0.000	0.000	0.000	0.000	(0.015)
Revenue Grants	COMF - general allocation remainder of £913k	Lorna Baxter		(0.004)	0.000	0.000		(0.004)	0.000	0.000	0.000	0.000	0.000	0.000	(0.004)
Revenue Grants	COMF - Targeted Comms	Susannah Wintersgill		(0.025)	0.000	0.025		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COMF - Wellbeing	Nicola Riley		(0.430)	0.000	0.430		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COMF Active Travel Dr Bike	Rosie Rowe		(0.007)	0.000	0.007		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COMF COVID Compliance	Richard Webb	Allocation of the COMF for COVID compliance and business support in 2021/22	(0.200)	0.000	0.200		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COMF Enable Covid safe exercise in banbury	Rosie Rowe		(0.072)	0.000	0.072		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COMF Support for SMEs	Robert Jolley		(0.065)	0.000	0.065		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COMF tenancy support	Robert Jolley		(0.030)	0.000	0.030		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Community Dev't grant Admin - Emergency Assistance	Nicola Riley		(0.031)	(0.092)	0.031		(0.092)	0.000	0.000	0.000	0.000	0.000	0.000	(0.092)
Revenue Grants	Community Dev't grant Admin - Pocket Parks	Nicola Riley		(0.025)	0.000	0.025		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Community Safety Covid Compliance and Enforcement	Richard Webb	Reserve holding unspent MHCLG Compliance and Enforcement grant at the end of 2020/21, all of which was spent in 2021/22.	(0.013)	0.000	0.013		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Family Physical Activity Opportunities	Nicola Riley		(0.026)	0.000	0.026		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Garden Community Capacity Funding	Robert Jolley		(0.125)	0.000	0.000		(0.125)	0.042	0.042	0.041	0.000	0.000	0.000	0.000
Revenue Grants	National Leisure Recovery Fund	Nicola Riley		(0.235)	0.000	0.195		(0.040)	0.040	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Next Steps Accommodation Programme	Vickie Jessop		(0.085)	0.000	0.068		(0.017)	0.017	0.000	0.000	0.000	0.000	0.000	(0.000)

Category	Description	Owner	Description on record	Actual Closing Balance 31 March 2021	2021/22 Forecast				Expected Use over MTF5 Period					Expected Balance 1 April 2027
					Forecast Transfer TO Reserves	Forecast Transfer FROM Reserves	S151 Review of Reserves	Forecast Balance 1 April 2022	2022/23	2023/24	2024/25	2025/26	2026/27	
Revenue Grants	SPARK	Nicola Riley	This funding provides small grants to community and voluntary groups in Kidlington and Bicester which promote health and wellbeing	(0.027)	0.000	0.017		(0.010)	0.010	0.000	0.000	0.000	0.000	(0.000)
Revenue Grants	Wayfinding Scheme	Rosie Rowe	This funding is provided by Sport England and is for testing wayfinding schemes in Kidlington	(0.053)	0.000	0.028		(0.025)	0.025	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Rough Sleep Initiative	Vickie Jessop		(0.029)	0.000	0.029		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COVID ARG grant	Lorna Baxter	Additional Restrictions Grant	(2.935)	0.000	2.935		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COVID Test and Trace grant	Lorna Baxter	Grant to benefits recipients in work who cannot work due to test and trace isolation requirements.	(0.093)	0.000	0.093		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	COVID LRSR grant	Lorna Baxter	Local Restrictions Support Grant	(0.136)	0.000	0.136		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Finance New Burdens	Michael Furness	Grant to fund Covid related grant support.	(0.112)	0.000	0.112		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Finance Hardship Fund	Michael Furness	Provided to us by DCLG so we could award additional Covid reliefs to council tax payers who are on council tax support.	(0.235)	0.000	0.235		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Housing Refugee Initiative	Vickie Jessop		(0.218)	0.000	0.218		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Grants	Eco Town Revenue	Bill Cotton	The reserve is used to fund Eco Town project as monitored by Place Programme and Project Board	(0.004)	0.000	0.000		(0.004)	0.000	0.000	0.000	0.000	0.000	(0.004)
Revenue Grants	Flood Recovery Grant	Bill Cotton	The reserve has been created to cover the cost of emergency planning contingencies	(0.040)	0.000	0.000		(0.040)	0.000	0.000	0.000	0.000	0.000	(0.040)
Revenue Grants	Homelessness Prevention	Stephen Chandler	The reserve has been created from ring fenced grant to be spent in conjunction with Service Level Agreements with partnerships in conjunction with Cherwell's Homeless Action Plan	(0.729)	(0.220)	0.090		(0.859)	0.260	0.000	0.000	0.000	0.000	(0.600)
Revenue Grants	Police & Crime Commissioner	Richard Webb	The reserve is created from ring-fenced grant to be spent on specific projects to be approved by the Community Safety Partnership	(0.064)	0.000	0.000		(0.064)	0.000	0.000	0.000	0.000	0.000	(0.064)
Revenue Grants	Green Deal Pioneer Places	Bill Cotton	The reserve has been created from a ring fenced grant which is used on projects relating to the Government's Green Deal initiative	(0.067)	0.000	0.000		(0.067)	0.000	0.000	0.000	0.000	0.000	(0.067)
Revenue Grants	Bicester Garden Town	Bill Cotton	The reserve is for initiatives and studies pertaining to the development of Bicester as a Garden Town	(1.527)	0.000	0.350		(1.177)	0.488	0.285	0.202	0.201	0.000	0.000
	Capital Reserves				0.000	0.000								
Capital Reserves	Disabled Facilities Grants	Stephen Chandler	Capital Grant funding for DFG	(0.385)	(0.014)	0.000		(0.399)	0.000	0.000	0.000	0.000	0.000	(0.399)
Capital Reserves	Capital Receipts Reserve	Lorna Baxter	Capital Receipts available for financing capital expenditure	(0.080)	0.000	0.080		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital Reserves	Cherwell Local Lottery - Play Well in Cherwell	Claire Taylor		(0.165)	0.000	0.000		(0.165)	0.000	0.000	0.000	0.000	0.000	(0.165)
Capital Reserves	Capital Grants & Contributions	Lorna Baxter		(0.126)	0.000	0.000		(0.126)	0.000	0.000	0.000	0.000	0.000	(0.126)
				(59.159)	(12.356)	29.579	0.000	(41.936)	11.408	3.972	(1.729)	(2.280)	1.962	(28.603)

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Cherwell District Council

Budget Planning Committee

Date of Meeting – 25 January 2022

Covid-19 Business Grants

Report of Director of Finance

This report is public

Purpose of report

This report is to provide the Committee with an update on the total amount of grants paid out to businesses in Cherwell to support them during the pandemic up to 31 December 2021.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the number and value of Covid-19 Business Grants paid out by Cherwell District Council to local businesses during the course of the pandemic to 31 December 2021.

2.0 Introduction

- 2.1 The Covid-19 pandemic brought national lockdowns and restrictions that have affected many businesses. The government created a number of business support grant schemes to assist the industries and businesses most affected. These grant schemes were administered by Local Authorities following Government guidelines during 2020 and 2021.
- 2.2 The information in this report was prepared prior to the Government announcement of a further business grant scheme in light of the Covid-19 Omicron variant.

3.0 Report Details

- 3.1 The grant schemes were created by the Government to give financial support to those businesses most affected, in particular those in the Retail, Hospitality and Leisure industries. The first schemes were the Small Business Grants and as the pandemic continued, further grant schemes were created:

- The Local Restriction Support Grant (LRSB) schemes became available to businesses dependent on the tier or lockdown that the Cherwell district was in and whether the business was able to remain open or not.
- The Christmas Support grant was a one-off payment to “wet led” pubs to give support due to lost income over the Christmas period.
- The Closed Business Lockdown payment was a one-off top up grant in addition to the LRSB for those businesses forced to close during the January national lockdown.

As the restrictions began to get lifted per the Government’s roadmap a new one-off Restart grant scheme was set up to give eligible businesses support to aid recovery.

The Additional Restriction Grant (ARG) is a discretionary scheme that Local Authorities could decide themselves how to support local businesses. Cherwell District Council created policies that complemented the mandatory schemes to support eligible businesses that were not able to receive LRSB and Restart grant.

3.2 Across 2020/21 and 2021/22 the Council has paid 9,992 grants to businesses in Cherwell, totalling £54.1m (some businesses may have received multiple grants as they were eligible for more than one grant stream).

This table shows the breakdown of grants paid per scheme.

Grant Scheme	Total payments made in 2020/21 and 2021/22	
	Qty	£000s
Small Business Grants Schemes		
- Mandatory	2,041	26,805
- Discretionary	136	980
Christmas Support Payment	65	65
Closed Business Lockdown Payment	992	5,254
LRSB Open	354	360
LRSB Closed Addendum		
- LD2 5th Nov - 02Dec 20	1,027	1,813
- Tier 4	976	618
- LD3 5th Jan - 15Feb	1,011	2,626
- LD3 16th Feb-31Mar	1,035	2,871
Restart	929	7,066

ARG	1,395	4,976
ARG remaining fund*		647
Totals	9,992	54,124

*The ARG scheme has not finished. The council is currently looking at business support options for the remainder of the funds

4.0 Conclusion and Reasons for Recommendations

- 4.1 In 2020 and 2021 Cherwell District Council have paid out almost 10,000 Covid-19 Business Grants and £54.1m to local businesses
- 4.2 The average grant awarded has been £5,400 with an average of 25 payments made each day.

5.0 Implications

Financial and Resource Implications – Mandatory paragraph

- 5.1 There are no Financial and Resource implications associated with this report

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications – Mandatory paragraph

- 5.2 There are no Legal implications associated with this report

Comments checked by:

Christopher Mace, Solicitor,
 Email: christopher.mace@cherwell-dc.gov.uk; Tel: 07702917916

Risk Implications - Mandatory paragraph

- 5.3 There are no risks associated with this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes 01295 221786
Louise.tustian@cherwell-dc.gov.uk

Equalities and Inclusion Implications

5.4 There are no equalities and inclusion implications.

Comments checked by
Emily Schofield, Acting Head of Strategy 07881 311707
emily.schofield@cherwell-dc.gov.uk

Sustainability Implications

5.5 There are no sustainability implications

Comments checked by
Sarah Gilbert, Climate Action Team Leader, sarah.gilbert@cherwell-dc.gov.uk

6.0 Decision Information

Key Decision N/A

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Tony Ilott

Document Information

Background papers

None

Report Author and contact details

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Budget Planning Committee - Work Programme 2021/22

Date	Agenda Items
8 March 2022	Performance, Finance and Risk Monitoring Report - Q3 - December 2021

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