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Cherwell District Council

Council

Minutes of a meeting of the Council held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 26 February 2024 at 6.30 pm

Present:

Councillor Les Sibley (Chairman)
Councillor Dr Chukwudi Okeke (Vice-Chairman)
Councillor Tom Beckett
Councillor Andrew Beere
Councillor Rebecca Biegel
Councillor Maurice Billington
Councillor Besmira Brasha
Councillor John Broad
Councillor Mark Cherry
Councillor Becky Clarke MBE
Councillor Patrick Clarke
Councillor Jean Conway
Councillor Gemma Coton
Councillor Dr Isabel Creed
Councillor Andrew Crichton
Councillor Sandy Dallimore
Councillor John Donaldson
Councillor Donna Ford
Councillor Ian Harwood
Councillor David Hingley
Councillor Matt Hodgson
Councillor Simon Holland
Councillor Harry Knight
Councillor Simon Lytton
Councillor Nicholas Mawer
Councillor Fiona Mawson
Councillor Andrew McHugh
Councillor Lesley McLean
Councillor Ian Middleton
Councillor Julian Nedelcu
Councillor Adam Nell
Councillor Lynne Parsons
Councillor Rob Pattenden
Councillor Lynn Pratt
Councillor Chris Pruden
Councillor Edward Fraser Reeves
Councillor George Reynolds
Councillor Dan Sames
Councillor Nigel Simpson
Councillor Dorothy Walker
Councillor Amanda Watkins
Councillor Douglas Webb

Councillor Barry Wood
Councillor Sean Woodcock

Apologies for absence:

Councillor Phil Chapman
Councillor Nick Cotter
Councillor Kieron Mallon
Councillor Bryn Williams

Officers:

Gordon Stewart, Chief Executive
Ian Boll, Corporate Director Communities
Stephen Hinds, Corporate Director Resources
Michael Furness, Assistant Director Finance & S151 Officer
Shiraz Sheikh, Assistant Director Law & Governance and Monitoring Officer
Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Alex Rycroft, Strategic Finance Business Partner
Lynsey Parkinson, Strategic Business Partner – Corporate
Natasha Clark, Governance and Elections Manager

57 **Declarations of Interest**

There were no declarations of interest.

58 **Communications**

Meeting Length and Etiquette
The Chairman referred to the email sent by the Monitoring Officer to all Members regarding the budget setting at the Council meeting. It was the responsibility of all Members to ensure that the district council set a lawful budget. This was therefore the most important item on our agenda this evening and the Chairman explained he would be ensuring that we allow enough time to debate the budget.

The Chairman asked councillors to be respectful of each other when addressing the meeting and out of courtesy, to remain in their seat during items. If necessary, the Chairman would adjourn the meeting to allow for a comfort break at a suitable point.

May 2024 Elections
The Chairman explained that this was the last Council meeting before the schedule local elections on 2 May 2024 elections.

The Chairman invited the Conservative Group Leader, Councillor Wood, to address Council. Councillor Wood paid tribute to Councillor Patrick Clarke, Councillor John Donaldson, Councillor Bryn Williams, Councillor Dan Sames and Councillor Maurice Billington where were standing down at the May elections.

On behalf of Council, the Chairman thanked the Members who were standing down for their service to Cherwell residents and the council. The Chairman extended best wishes to all councillors who were standing in May.

Former Councillor Henry Mundy
The Chairman advised Council that former Councillor Henry Mundy had sadly passed away earlier this year. Former Councillor Mundy was a Conservative councillor who represented the North West Kidlington ward from 1991 to 1995.
During his term of office, he was a member of Housing Committee, Environmental Committee, Kidlington and Gosford Sports Centre Management Committee and the Direct Services Management Board.

On behalf of Council, the Chairman extended condolences to the family and friends of former Councillor Mundy.

Council observed a minutes silence in honour of for Councillor Mundy.

Chairman’s Engagements
A copy of the events attended by the Chairman, or the Vice-Chairman had been published with the agenda.

The Chairman thanked all Members who had attended or donated to his Charity Dinner in November. The event had raised £7120, which had been passed to his chosen charity for his term of officer, Alexandra House of Joy.

The Chairman thanked all Members who had attended or donated to his recent Sunday lunch and charity auction. He would confirm the amount raised in due course.

Councillor Dr Okeke
On behalf of Council, the Chairman congratulated the Vice-Chairman, Councillor Dr Okeke, and his wife on the recent birth of their son.

Members’ Pigeon Holes
Members were reminded to check their pigeon hole and take any post.

59 Petitions and Requests to Address the Meeting

There were no petitions or requests to address the meeting.

60 Urgent Business

There were no items of urgent business.

61 **Minutes of Council**

The minutes of the meeting held on 18 December 2023 were agreed as a correct record and signed by the Chairman.

62 **Minutes**

a) Minutes of the Executive, Portfolio Holder Decisions and Executive Decisions made under Special Urgency

Resolved

That the minutes of the meeting of the Executive and Portfolio Holder decisions as set out in the Minute Book be received and that it be noted that since the last meeting of Council at which this was reported, 18 December 2023, no decisions had been taken by the Executive which were not included in the 28 day notice.

b) Minutes of Committees

Resolved

That the minutes of Committees as set out in the Minute Book be received.

63 **Questions**

a) Written Questions

The Chairman advised that one written question, addressed to the Leader, had been submitted with advance notice in accordance with the Constitution and had been published with the agenda. A response to the question had been published as a supplement to the agenda (and as an annex to the Minutes as set out in the Minute Book).

The question was from Councillor Broad in relation to the VAT rate for public Electric Vehicle (EV chargers. Councillor Broad asked a supplementary question which the Leader duly responded to.

b) Questions to the Leader of the Council

Questions were asked and answers received on the following issues:

Councillor Cherry: Potential regeneration of garage sites in Bretch Hill, Edmonds Road and Appleby Close
Councillor Middleton: Report to 5 February Executive on the development of a Kidlington Infrastructure and Community Asset Strategy
Councillor Middleton: Planning Inquiry
Councillor Middleton: Greenbelt and the Local Plan

Councillor Hodgson: Support to staff facing redundancy at JDE Factory, Banbury
Councillor Woodcock: Response to letters sent to MPs in respect of S21 Notices following motion agreed at December Council meeting

c) Questions to Committee Chairmen on the Minutes

There were no questions to Committee Chairman on the minutes of meetings.

64 **Members' Allowances 2024/2025**

The Assistant Director Law and Governance submitted a report to determine the levels of the allowances to be paid to Members for the forthcoming 2024/2025 financial year and proposed changes to the Members Allowance Scheme following the consideration of the report of the Council's Independent Remuneration Panel.

Resolved

(1) That having given due consideration, the following levels of allowances be included in the 2024/2025 Members' Allowances Scheme:
- That the Basic Allowance (currently £4836 pa)be increased in in line with the 2024/2025 staff pay award (percentage) when agreed, rounded up to give 12 equal payments and payment of the increase backdated to 1 April 2024.
- That all Special Responsibility Allowances be increased in in line with the 2024/2025 staff pay award (percentage) when agreed, rounded up to give 12 equal payments and payment of the increase backdated to 1 April 2024.
- That a new Special Responsibility Allowance be introduced for Minority Opposition Group Leaders from April 1 2024, based on the following criteria:
    - Group Leader of a minority opposition Group with 2 – 5 Members: 25% of the Main Opposition Group Leader SRA (if required, rounded up to 12 equal payments)
    - Group Leader of a minority opposition Group with 6 or more members: 50% of the Main Opposition Group Leader SRA (if required, rounded up to 12 equal payments)
- That the co-optees allowance be increased in line with the staff pay award for 2024/2025 (percentage), when agreed, and rounded up to give 12 equal payments and payment of the increase backdated to 1 April 2024.
- That the Independent Persons allowance be increased in line with the staff pay award for 2024/2025 (percentage), when agreed, and rounded up to give 12 equal payments, and payment of the increase backdated to 1 April 2024.
- That Dependents' Carers' and Childcare Allowances remain at the current level, are paid on the basis of the actual costs incurred up to the maximum hourly rate set out below and to a maximum cap of 40

hours per month, subject to production of receipts and cannot be paid to a member of the claimant's household:
  - Childcare: £10 per hour
  - Dependent Relative care - £20 per hour

- That mileage remain at the current level in line with HMRC approved mileage rates, and if any adjustments are implemented by HMRC then the revised rates should be applied to Members' travel allowances effective from the date of implementation by HMRC.
- That there be no change to subsistence allowances.
- That Democratic Services continue to book overnight accommodation if required.
- That there be no change to the list of approved duties for which claims may be made.
- That Non-Executive Director allowances be increased in line with the staff pay award for 2024/205, rounded up to give 12 equal payments, and payment of the increase backdated to 1 April 2024 and costs recharged to the relevant company.

(2) That the Assistant Director Law and Governance be authorised to prepare an amended Members' Allowances Scheme, in accordance with the decisions of Council for implementation with effect from 1 April 2024.

(3) That the Assistant Director of Law and Governance be authorised to take all necessary action to revoke the current (2023/2024) Scheme and to publicise the revised Scheme pursuant to The Local Authorities (Member's Allowances)(England) Regulations 2003 (as amended).

(4) That the Independent Remuneration Panel for its report and set a fee of £300 for each Panel Member for the work carried out on this review and propose the same level of fee for any reviews carried out in 2024/2025 capped at a maximum of £1200 per person, which can be funded from existing budgets.

65 Budget Setting for 2024/25 and the Medium-Term Financial Strategy up to 2028/29

Prior to consideration of the item, the Chairman advised that the Progressive Oxfordshire Group has proposed an amendment to the budget which had been published as a supplement to the agenda. There were no amendments proposed by the Labour Group or Independent Group.

The Chairman explained that once the budget had been proposed and seconded, the Leader of the Progressive Oxfordshire Group, Councillor Hingley, would respond to the budget and propose the Group's amendment. Once seconded, the amendment would be debated and voted on.

The Chairman reminded Members that the arrangements for debating the budget were set out in the meeting procedure rules. The proposer, when presenting the budget, and Group Leaders, when responding to the budget, may speak for up to 10 minutes. All other speakers had a three minute time limit.

The Chairman further reminded Members that it was required in legislation that the vote on any motion on or amendment to the budget and council tax setting reports must be a recorded vote. This would be taken at the appropriate time.

The Assistant Director of Finance (S151) submitted a report to consider and approve the Budget Setting for 2024/25 and Medium Term Financial Strategy (MTFS) 2028/29 as per the recommendations.

The Portfolio Holder for Finance, Councillor Nell, paid tribute to the Assistant Director of Finance and the finance team who had worked hard on the budget process and submitted a balanced budget to Council against a difficult financial backdrop. Councillor Nell also thanked the Budget Planning Committee and Accounts, Audit and Risk Committee for their hard work supporting the budget setting and business plan process.

Having presented the report, Councillor Nell proposed the adoption of the Business Plan and related revenue budget for 2024/25, medium term financial strategy to 2028/29, capital programme and all supporting policies, strategies and information. Councillor Wood seconded the proposal.

Councillor Hingley, Leader of the Progressive Oxfordshire Group, addressed Council in response to the budget and proposed the Group's amendment to the budget. Councillor Middleton seconded the amendment.

The amendment having been proposed and seconded was debated by Council. As required in legislation, a recorded vote on the motion was taken. Members voted as follows:

Councillor Tom Beckett	For
Councillor Andrew Beere	Abstain
Councillor Rebecca Biegel	Abstain
Councillor Maurice Billington	For
Councillor Besmira Brasha	Abstain
Councillor John Broad	For
Councillor Mark Cherry	Abstain
Councillor Becky Clarke MBE	Abstain
Councillor Patrick Clarke	For
Councillor Jean Conway	For
Councillor Gemma Coton	For
Councillor Dr Isabel Creed	Abstain
Councillor Andrew Crichton	Abstain

Councillor Sandy Dallimore	For
Councillor John Donaldson	For
Councillor Donna Ford	Abstain
Councillor Ian Harwood	For
Councillor David Hingley	For
Councillor Matt Hodgson	Abstain
Councillor Simon Holland	For
Councillor Harry Knight	For
Councillor Simon Lytton	For
Councillor Nick Mawer	For
Councillor Fiona Mawson	For
Councillor Andrew McHugh	For
Councillor Lesley McLean	For
Councillor Ian Middleton	For
Councillor Julian Nedelcu	For
Councillor Adam Nell	For
Councillor Dr Chukwudi Okeke	Abstain
Councillor Lynne Parsons	Abstain
Councillor Rob Pattenden	For
Councillor Lynn Pratt	For
Councillor Chris Pruden	For
Councillor Eddie Reeves	Abstain
Councillor George Reynolds	For
Councillor Dan Sames	For
Councillor Nigel Simpson	For
Councillor Les Sibley	For
Councillor Dorothy Walker	For
Councillor Amanda Watkins	Abstain
Councillor Douglas Webb	For
Councillor Barry Wood	For
Councillor Sean Woodcock	Abstain

The vote on the amendment was carried with 30 votes in favour, no votes against and 14 abstentions.

The Chairman reminded Members that the amendment having been agreed, it became the substantive motion and Council was debating the recommendations as amended.

Councillor Woodcock, on behalf of the Labour Group, addressed Council in response to the budget.

Councillor Sibley, on of behalf of the Independent Group, addressed Council in response to the budget.

The substantive motion having been debated, a recorded vote was taken, and Members voted as follows

Councillor Tom Beckett	For
Councillor Andrew Beere	Against
Councillor Rebecca Biegel	Against
Councillor Maurice Billington	For
Councillor Besmira Brasha	Against
Councillor John Broad	For
Councillor Mark Cherry	Against
Councillor Becky Clarke MBE	Against
Councillor Patrick Clarke	For
Councillor Jean Conway	For
Councillor Gemma Coton	For
Councillor Dr Isabel Creed	Against
Councillor Andrew Crichton	Against
Councillor Sandy Dallimore	For
Councillor John Donaldson	For
Councillor Donna Ford	Abstain
Councillor Ian Harwood	For
Councillor David Hingley	For
Councillor Matt Hodgson	Against
Councillor Simon Holland	For
Councillor Harry Knight	For
Councillor Simon Lytton	For
Councillor Nick Mawer	For
Councillor Fiona Mawson	For
Councillor Andrew McHugh	For
Councillor Lesley McLean	For

Councillor Ian Middleton	For
Councillor Julian Nedelcu	For
Councillor Adam Nell	For
Councillor Dr Chukwudi Okeke	Against
Councillor Lynne Parsons	Against
Councillor Rob Pattenden	For
Councillor Lynn Pratt	For
Councillor Chris Pruden	For
Councillor Eddie Reeves	Abstain
Councillor George Reynolds	For
Councillor Dan Sames	For
Councillor Nigel Simpson	For
Councillor Les Sibley	For
Councillor Dorothy Walker	For
Councillor Amanda Watkins	Against
Councillor Douglas Webb	For
Councillor Barry Wood	For
Councillor Sean Woodcock	Against

The vote on the amendment was carried with 30 votes in favour, 12 votes against and 14 abstentions.

Resolved

(1) That, having due regard, the statutory report of the Chief Finance Officer and the comments of the Chief Finance Officer in respect of the proposed amendments, be noted.

(2) That, subject to the following amendments with authority delegated to the Section 151 Officer to update the budget papers to reflect the amendments, the proposed Fees and Charges schedule for 2024/25 be approved and it be noted that statutory notices would be placed where required.

- That the 2024/25 increase in bulky waste charges be removed and the 2023/24 levels be retained and a new premium charge for faster service be introduced
- That the charge for replacement bins be removed
- That the 2024/25 increase in the NOA, Cooper School and Stratfield Brake fees and charges be removed and the fees be retained at 2023/24 levels at a cost of £0.012m.

(3) That, having given due consideration, the Equality Impact Assessments of the Budget be noted.

(4) That the Business Plan (annex to the Minutes as set out in the Minute Book) be approved.

(5) That the net revenue budget, for the financial year commencing on 1 April 2024, as set out below incorporating budget movements to fund the amendments to the budget, with authority delegated to the Section 151 Officer to amend other tables within the budget accordingly, be approved:

Directorate	Net budget 2024/25 £m	Proposal £m	Revised Net Budget 2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Communities	8.917	0.117	9.034	0.072	0.152	(0.033)	(0.015)
Resources	4.314	-	4.314	(2.369)	0.021	0.024	(0.100)
Chief Executive	5.355	0.012	5.367	(0.097)	(0.098)	(0.056)	0.009
Service Sub-total	**18.586**	**0.129**	**18.715**	**(2.394)**	**0.075**	**(0.065)**	**(0.106)**
Corporate Costs	4.293	-	4.293	3.594	1.195	0.532	0.198
Policy Contingency	4.108	(0.129)	3.979	0.837	0.524	0.524	0.524
Net Cost of Services	**26.987**	**0.000**	**26.987**	**2.037**	**1.794**	**0.991**	**0.616**
Funding	(26.987)		(26.987)	5.001	2.500	2.207	(1.478)
Funding Gap / (Surplus)	**0.000**	**0.000**	**0.000**	**7.038**	**4.294**	**3.198**	**(0.862)**

(6) That, subject to the following amendments with authority delegated to the Section 151 Officer to update the budget papers to reflect the amendments, the Medium Term Financial Strategy and Revenue Budget 2024/25 including the Savings Proposals and Pressures be approved.

- That savings proposal reference SWAST243 (£0.075m) be removed to reflect resolution (2) to not introduce a charge for replacement bins.
- That savings proposal SWAST241 be amended by introducing alternative charges for bulky waste (as set out in resolution (2)) in 2024/25 and it be noted this has a net nil impact on the budget and MTFS.

- That savings proposal SPCON242 be reduced by £0.022m in 2024/25 in order to keep Pioneer Square public conveniences open.
- That a new pressure of £0.020m for an additional cleaning contract for the public conveniences at Pioneer Square be agreed.
- That the general contingency budget be reduced by £0.129m to fund the agreed amendments to the proposed budget.

(7) That an increase in the Basic Amount of Council Tax for Cherwell District Council for the financial year beginning on 1 April 2024 of £5, resulting in a Band D charge of £153.50 per annum be agreed.

(8) That the Capital Bids and Capital Programme (annexes to the Minutes as set out in the Minute Book) be approved.

(9) That the Capital and Investment Strategy 2024/25 (annex to the Minutes as set out in the Minute Book), including the Minimum Revenue Provision (MRP) Policy, and the revised 2023/24 MRP Policy (annex to the Minutes as set out in the Minute Book).

(10) That the Treasury Management Strategy, including the Prudential Indicators, and Affordable Borrowing Limit for 2024/25 (annex to the Minutes as set out in the Minute Book) be approved.

(11) That a minimum level of General Balances of £6.1m be approved.

(12) That the Reserves Policy (annex to the Minutes as set out in the Minute Book) and the medium-term reserves plan (annex to the Minutes as set out in the Minute Book) be approved.

(13) That the Pay Policy Statement, as required by the Localism Act 2010 (annex to the Minutes as set out in the Minute Book) be approved.

66 Adjournment of Council meeting

The budget for 2024/25 having been agreed, the Leader of the Council, Councillor Wood, confirmed that he did not require Council to adjourn to allow Executive to meet discuss any issues arising from the budget.

67 Calculating the amounts of Council Tax for 2024/25 and setting the Council Tax for 2024/25

The Assistant Director of Finance submitted a report to detail the calculations for the amounts of Council Tax for 2024/25 and the setting of Council Tax for 2024/25.

As required in legislation, a recorded vote was taken, and Members voted as follows:

Councillor Tom Beckett	For
Councillor Andrew Beere	Against
Councillor Rebecca Biegel	Against
Councillor Maurice Billington	For
Councillor Besmira Brasha	Against
Councillor John Broad	For
Councillor Mark Cherry	Against
Councillor Becky Clarke MBE	Against
Councillor Patrick Clarke	For
Councillor Jean Conway	For
Councillor Gemma Coton	For
Councillor Dr Isabel Creed	Against
Councillor Andrew Crichton	Against
Councillor Sandy Dallimore	For
Councillor John Donaldson	For
Councillor Donna Ford	For
Councillor Ian Harwood	For
Councillor David Hingley	For
Councillor Matt Hodgson	Against
Councillor Simon Holland	For
Councillor Harry Knight	For
Councillor Simon Lytton	For
Councillor Nick Mawer	For
Councillor Fiona Mawson	For
Councillor Andrew McHugh	For
Councillor Lesley McLean	For
Councillor Ian Middleton	For
Councillor Julian Nedelcu	For
Councillor Adam Nell	For
Councillor Dr Chukwudi Okeke	Against
Councillor Lynne Parsons	Against
Councillor Rob Pattenden	For
Councillor Lynn Pratt	For
Councillor Chris Pruden	For
Councillor Eddie Reeves	For

Councillor George Reynolds	For
Councillor Dan Sames	For
Councillor Nigel Simpson	For
Councillor Les Sibley	For
Councillor Dorothy Walker	For
Councillor Amanda Watkins	Against
Councillor Douglas Webb	For
Councillor Barry Wood	For
Councillor Sean Woodcock	Against

Resolved

(1) That it be noted that the Council Tax Base 2024/25 was determined at the Executive meeting held on 8 January 2024:

a) for the whole Council area as 59,027.2 [item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended ("the 1992 Act")]; and

b) For dwellings in those parts of its area to which a Parish Precept relates as in the attached Annex to the Minutes (as set out in the Minute Book).

(2) That it be agreed that the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Parish Precepts and Special Expenses) is £9,060,675.

(3) That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the 1992 Act:

a) £137,412,530 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the 1992 Act, taking into account all precepts issued to it by Parish Councils and any additional special expenses.

b) £121,996,104 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the 1992 Act.

c) £15,416,426 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the 1992 Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the 1992 Act).

d) £261.17 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the 1992 Act, as the basic amount of its Council Tax for the year (including Parish Precepts and Special Expenses).

e) £6,355,750 being the aggregate amount of all special items (Parish Precepts and Special Expenses) referred to in Section 34(1) of the 1992 Act as per the attached annex to the Minutes (as set out in the Minute Book).

f) £153.50 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T(1(a) above), calculated by the Council, in accordance with Section 34(2) of the 1992 Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept or special item relates.

(4) It be noted that for the year 2024/25 the Oxfordshire County Council and the Police and Crime Commissioner for Thames Valley have issued precepts to the Council, in accordance with Section 40 of the 1992 Act, for each category of dwellings in the Council's area as indicated below:

Valuation Band	**Oxfordshire County Council**	**Police and Crime Commissioner for Thames Valley**
	£	£
A	1,213.71	179.52
B	1,415.99	209.44
C	1,618.28	239.36
D	1,820.56	269.28
E	2,225.13	329.12
F	2,629.70	388.96
G	3,034.27	448.80
H	3,641.12	538.56

(5) That the Council, in accordance with Sections 30 and 36 of the 1992 Act, hereby sets the amounts shown in the annex to the Minutes (as set out in the Minute Book) as the amounts of Council Tax for the year 2024/25 for each part of its area and for each of the categories of dwellings.

(6) That the Council has determined that its relevant basic amount of Council Tax for 2024/25 is not excessive in accordance with principles approved under Section 52ZB of the 1992 Act.

68 Member Development Framework and Programme 2024-25

The Monitoring Officer submitted a report to consider and agree the Member Development Framework and Programme for 2024-25

Resolved

(1) That the Member Development Framework for 2024-25 be approved.

(2) That the Member Development Programme for 2024-25 be approved.

69 **Updates to the Constitution**

The Monitoring Officer submitted a report to update Council on the latest changes to the Constitution following meetings of the Constitution Review Group (CRG).

In introducing the report, the Portfolio Holder for Corporate Services, Councillor Dallimore, highlighted that the Constitution was the document by which, in accordance with the law, the Council exercised all its powers and duties. It was essential that it is reviewed to ensure it remained fit for purpose.

Resolved

(1) That the amendments being made under the existing Monitoring Officer delegation be noted.

(2) That the following amendments to the Constitution be approved: Overview and Scrutiny Procedure Rules; Contract Procedure Rules, and Annex to the Code of Conduct for local determination of applications.

(3) That authority be delegated to the Monitoring Officer to make the amendments to the Constitution, including a delegation to make textual amendments to address any inconsistencies or correct any cross-referencing errors arising from or as a consequence of the amendments (insofar as the Monitoring Officer does not already have such a delegation).

70 **Motions**

The Chairman advised that one motion was included on the agenda, a motion that had been deferred from the 18 December 2023 Council meeting. No further motions had been submitted.

No amendments to the motion had been submitted. In line with the Constitution, no amendments were now permitted.

Motion: Right To Grow

It was proposed by Councillor Middleton and seconded by Councillor Beckett that the following motion be adopted:

> "The cost-of-living crisis has highlighted the need for access to enough fresh food, especially fruit and vegetables. This has been worsened by the lack of available allotments and communal gardens.
>
> Greater access to growing spaces would better support CDC in ensuring it places the health and well-being of its residents at the heart of its policy making by increasing the availability of fresh locally produced food at an affordable price.
>
> Such initiatives can reduce pressures on NHS and social care whilst increasing community cohesion, tackling loneliness and isolation, and providing for the healthy food needs of their neighbourhoods.
>
> We recognise that officers already work with our communities to encourage them to come together to develop local growing spaces in areas of under-used publicly owned land and that we have endorsed the countywide Food Strategy. But that we can always do more.
>
> This council therefore calls on the Executive to,
>
> 1. Identify council owned land suitable for community cultivation and facilitate the production of a publicly available map of such sites.
>
> 2. Adopt a 'Right to Grow' policy whilst continuing to work with Cherwell Collective and other community organisations to encourage the adoption of such land for growing schemes by means of a simple licence at no direct cost to the community.
>
> 3. Consider ways to encourage developers to include community growing spaces in all new developments and, where practical, on land awaiting development.
>
> 4. Write to all Cherwell MPs asking them to support the national 'Right to Grow' campaign."

No amendments to the motion having been proposed, the motion was debated as submitted. On being put to the vote the motion was carried unanimously.

Resolved

(1) That the following motion be adopted:

> "The cost-of-living crisis has highlighted the need for access to enough fresh food, especially fruit and vegetables. This has been worsened by the lack of available allotments and communal gardens.

Greater access to growing spaces would better support CDC in ensuring it places the health and well-being of its residents at the heart of its policy making by increasing the availability of fresh locally produced food at an affordable price.

Such initiatives can reduce pressures on NHS and social care whilst increasing community cohesion, tackling loneliness and isolation, and providing for the healthy food needs of their neighbourhoods.

We recognise that officers already work with our communities to encourage them to come together to develop local growing spaces in areas of under-used publicly owned land and that we have endorsed the countywide Food Strategy. But that we can always do more.

This council therefore calls on the Executive to,

1. Identify council owned land suitable for community cultivation and facilitate the production of a publicly available map of such sites.

2. Adopt a ‘Right to Grow’ policy whilst continuing to work with Cherwell Collective and other community organisations to encourage the adoption of such land for growing schemes by means of a simple licence at no direct cost to the community.

3. Consider ways to encourage developers to include community growing spaces in all new developments and, where practical, on land awaiting development.

4. Write to all Cherwell MPs asking them to support the national ’Right to Grow’ campaign.”

The meeting ended at 9.02 pm

Chairman:

Date:

Business Plan 2024 -2025

Housing that meets your needs

- Support the delivery of affordable and green housing.
- Ensure minimum standards in rented housing.
- Work with partners supporting new ways to prevent homelessness.
- Support our most vulnerable residents.
- Prepare the Local Plan.

Supporting environmental sustainability

- Work towards our commitment to be carbon neutral by 2030.
- Promote the green economy.
- Support waste reduction, reuse and recycling.
- Work with partners to improve air quality.

An enterprising economy with strong and vibrant local centres

- Support business retention and growth.
- Work with partners to support skills development and innovation.
- Work with others to support growth.
- Work with partners to promote the district as a visitor destination and attract investment in our town centres.
- Work with businesses to ensure compliance and promote best practice.

Healthy, resilient and engaged communities

- Support and encourage active lifestyles and health and wellbeing.
- Support development of leisure services and facilities meeting the needs of residents.
- Support community and cultural development.
- Work towards our commitment to equalities, diversity and inclusion.
- Work with partners to address the causes of health inequality and deprivation.
- Work with partners to reduce crime and antisocial behaviour.

Minute Item 65

Capital Bids - 2024/25

Appendix 17

Reference	Title	Expenditure (£m)						Funding (£m)			
		24/25	25/26	26/27	27/28	28/29	Total Budget	Grant	S106	Capital Receipt	Balance to be funded by Borrowing
CAP2518	Net Zero Capital Projects *(Business Cases Required)*	0.125	0.125	0.125	0.125	0.125	0.625				0.625
CAP2502	Landscape Software Upgrade	0.025					0.025				0.025
CAP2503	Upgrade of Street Cleansing IT System	0.025					0.025				0.025
Communities Total		**0.175**	**0.125**	**0.125**	**0.125**	**0.125**	**0.675**	**0.000**	**0.000**	**0.000**	**0.675**
CAP2508	NOA 3G Pitch Development	1.600					1.600		(1.568)		0.032
CAP2509	Development of Activity Play Zones	0.600					0.600		(0.600)		0.000
CAP2517	Graven Hill Community and Infrastructure Projects	0.080					0.080		(0.080)		0.000
Chief Executive Total		**2.280**	**0.000**	**0.000**	**0.000**	**0.000**	**2.280**	**0.000**	**(2.248)**	**0.000**	**0.032**
CAP2504	Digital Futures Programme *(Business Cases Required)*	0.350					0.350				0.350
CAP2516	Thorpe Place Roofing Works	0.080					0.080				0.080
Resources Total		**0.430**	**0.000**	**0.000**	**0.000**	**0.000**	**0.430**	**0.000**	**0.000**	**0.000**	**0.430**
TOTAL New Capital Bids		**2.885**	**0.125**	**0.125**	**0.125**	**0.125**	**3.385**	**0.000**	**(2.248)**	**0.000**	**1.137**

Cherwell District Council - Capital Programme 2024/25 - 2028/29

Appendix 18

Corporate Priority (CP) Summary		Budgeted Expenditure £m									Funding £m	
		Projected Reprofiling from 23/24	Reprofiling Adjust-ments	2024/25 £m	2024/25 Total	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total Project Cost £m	Funding £m	Balance to be funded by borrowing £m
Healthy, resilient and engaged communities	C	3.738	(1.284)	2.475	4.929	0.130	-	1.154	-	**6.213**	(5.584)	**0.629**
An enterprising economy with strong and vibrant local centres	EC	3.445	(1.988)	3.827	5.284	0.517	0.517	0.497	0.497	**7.312**	(0.578)	**6.734**
Supporting environmental sustainability	ES	1.761	(1.525)	2.103	2.339	1.814	1.888	1.525	0.125	**7.690**	0.000	**7.690**
Housing that meets your needs	H	0.522	0.000	4.049	4.571	1.389	1.389	1.389	1.239	**9.977**	(5.471)	**4.506**
Running the business - support service	SS	2.969	(1.937)	6.185	7.217	1.992	0.030	-	-	**9.239**	(5.250)	**3.989**
Total Capital Programme		**12.435**	**(6.734)**	**18.639**	**24.340**	**5.842**	**3.824**	**4.565**	**1.861**	**40.431**	**(16.883)**	**23.548**
Healthy, resilient and engaged communities	C	-	-	-	-	-	-	4.194	-	**4.194**	(4.194)	-
Total Pipeline *(subject to funding)*		**-**	**-**	**-**	**-**	**-**	**-**	**4.194**	**-**	**4.194**	**(4.194)**	**-**

New Projects - 2024/25 Budget

Project Name	Approval Year	CP	Budget b/f		Budgeted Expenditure £m							Funding £m							
			Projected Reprofiling from 23/24	Reprofiling Adjust-ments	2024/25 Planned	2024/25 Total	2025/26	2026/27	2027/28	2028/29	Future Years	Funding b/f	2024/25	2025/26	2026/27	2027/28	2028/29	Borrowing Required	Primary Funding Source
NOA 3G Pitch Development	2024/25	C			1.600	1.600							(1.568)					0.032	S106 Grants
Development of Activity Play Zones	2024/25	C			0.600	0.600							(0.600)					0.000	S106 Grants
Graven Hill Community and Infrastructure Projects	2024/25	C			0.080	0.080								(0.080)				0.000	S106 Grants
Wellbeing & Housing - Capital Total			**0.000**		**2.280**	**2.280**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(2.168)**	**(0.080)**	**0.000**	**0.000**	**0.000**	**0.032**	
Net Zero Capital Projects *(Business Cases Required)*	2024/25	ES			0.125	0.125	0.125	0.125	0.125	0.125								0.625	Borrowing
Landscape Software Upgrade	2024/25	ES			0.025	0.025												0.025	Borrowing
Upgrade of Street Cleansing IT System	2024/25	ES			0.025	0.025												0.025	Borrowing
Environmental - Capital Total			**0.000**		**0.175**	**0.175**	**0.125**	**0.125**	**0.125**	**0.125**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.675**	
Digital Futures Programme *(Business Cases Required)*	2024/25	SS			0.350	0.350												0.350	Borrowing
ICT - Capital Total			**0.000**		**0.350**	**0.350**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.350**	
Thorpe Place Roofing Works	2024/25	SS			0.080	0.080												0.080	Borrowing
Property - Capital Total			**0.000**		**0.080**	**0.080**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.080**	
Total New Capital Projects			**0.000**		**2.885**	**2.885**	**0.125**	**0.125**	**0.125**	**0.125**	**0.000**	**0.000**	**(2.168)**	**(0.080)**	**0.000**	**0.000**	**0.000**	**1.137**	

Existing Projects - Approved in Prior Years

Project Name	Approval Year	CP	Budget b/f		Budgeted Expenditure £m							Funding £m							
			Projected Reprofiling from 23/24*	Reprofiling Adjust-ments	2024/25 Planned	2024/25 Total	2025/26	2026/27	2027/28	2028/29	Future Years	Funding b/f	2024/25	2025/26	2026/27	2027/28	2028/29	Borrowing Required	Primary Funding Source
Disabled Facilities Grants**	Annual	H	0.000		1.351	1.351	1.239	1.239	1.239	1.239			(1.351)	(1.239)	(1.239)	(1.239)	(1.239)	0.000	Grant
Discretionary Grants Domestic Properties	Annual	H	0.000		0.150	0.150	0.150	0.150	0.150									0.600	Borrowing
Spiceball Leisure Centre Structural Beams	2023/24	C	0.000		0.100	0.100												0.100	Borrowing
Replacement of the Sports Hall Roof at Bicester Leisure Centre	2023/24	C	0.000		0.045	0.045												0.045	Borrowing
Replacement of 3G Pitch Surface at Bicester Leisure Centre	2023/24	C	0.000	(0.050)	0.050	0.000	0.050											0.050	Borrowing
North Oxfordshire Academy Astroturf	2016/17	C	0.103			0.103												0.103	Borrowing
Bicester Leisure Centre Extension	2013/14	C	0.079			0.079												0.079	Borrowing
Housing Services - capital	2021/22	H	0.160			0.160						(0.160)						0.000	S106 Grants
Longford Park Art	2022/23	C	0.045			0.045												0.045	Borrowing
Town Centre House	2021/22	H	0.000		2.548	2.548							(0.243)					2.305	Borrowing
UKSPF - CDC community facilities x 3	2023/24	C	0.000			0.000												0.000	Borrowing
S106 Capital Costs	2023/24	C	0.000			0.000												0.000	Borrowing
S106 - Ambrosden Community Facility Project	2023/24	C	0.020			0.020						(0.020)						0.000	S106 Grants
S106 - Ambrosden Indoor Sport Project	2023/24	C	0.065			0.065						(0.065)						0.000	S106 Grants
S106 - Ambrosden MUGA Project	2023/24	C	0.130			0.130						(0.130)						0.000	S106 Grants
S106 - Ardley & Fewcott Play Area Project	2023/24	C	0.015			0.015						(0.015)						0.000	S106 Grants
S106 - Ardley & Fewcott Village Hall Project	2023/24	C	0.002			0.002						(0.002)						0.000	S106 Grants
S106 - Bicester Leisure Centre Extension	2023/24	C	1.154	(1.154)		0.000			1.154							(1.154)		0.000	S106 Grants
S106 - Hanwell Fields Community Centre Projects	2023/24	C	0.180			0.180						(0.180)						0.000	S106 Grants
S106 - Hook Norton Sport And Social Club Project	2023/24	C	0.080	(0.080)		0.000	0.080					(0.080)						0.000	S106 Grants

			Budget b/f		Budgeted Expenditure £m							Funding £m							
Project Name	**Approval Year**	**CP**	**Projected Reprofiling from 23/24**	**Reprofiling Adjust-ments**	**2024/25 Planned**	**2024/25 Total**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**Future Years**	**Funding b/f**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**Borrowing Required**	**Primary Funding Source**
S106 - Horley Cricket Club Pavilion Project	2023/24	C	0.110			0.110						(0.110)						0.000	S106 Grants
S106 - Kidlington & Gosford Leisure Centre	2023/24	C	0.020			0.020						(0.020)						0.000	S106 Grants
S106 - Milton Road Community Facility and Sports Pitch Project	2023/24	C	0.471			0.471						(0.471)						0.000	S106 Grants
S106 - NOA Improvements	2023/24	C	0.600			0.600						(0.600)						0.000	S106 Grants
S106 - Spiceball Leisure Centre Improvements	2023/24	C	0.014			0.014						(0.014)						0.000	S106 Grants
S106 - The Hill Improvements Project	2023/24	C	0.050			0.050						(0.050)						0.000	S106 Grants
Wellbeing & Housing - Capital Total			**3.298**	**(1.284)**	**4.244**	**6.258**	**1.519**	**1.389**	**2.543**	**1.239**	**0.000**	**(1.917)**	**(1.594)**	**(1.239)**	**(1.239)**	**(2.393)**	**(1.239)**	**3.327**	
iTrent HR System Upgrades	2022/23	SS	0.000		0.030	0.030	0.030	0.030										0.090	Borrowing
HR & OD - Capital Total			**0.000**	**0.000**	**0.030**	**0.030**	**0.030**	**0.030**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.090**	
East West Railways	2015/16	EC	0.000		0.020	0.020	0.020	0.020			4.189							4.249	Borrowing
Transforming Bicester Market Square	2023/24	EC	0.960		3.250	4.210						(0.960)	(3.250)					0.000	Grant
UKSPF Two Year Investment Plan	2023/24	EC	0.000		0.162	0.162							(0.162)					0.000	Grant
UKSPF Rural Fund	2023/24	EC	0.000		0.395	0.395							(0.395)					0.000	Grant
Growth & Economy - Capital Total			**0.960**	**0.000**	**3.827**	**4.787**	**0.020**	**0.020**	**0.000**	**0.000**	**4.189**	**(0.960)**	**(3.807)**	**0.000**	**0.000**	**0.000**	**0.000**	**4.249**	
Banbury Health Centre - Refurbishment of Ventilation, Heating & Cooling Systems	2021/22	SS	0.104			0.104												0.104	Borrowing
Castle Quay	2017/18	EC	2.485	(1.988)		0.497	0.497	0.497	0.497	0.497								2.485	Borrowing
Bodicote House Fire Compliance Works	2019/20	SS	0.085			0.085												0.085	Borrowing
Works From Compliance Surveys	2019/20	SS	0.050			0.050												0.050	Borrowing
Fairway Flats Refurbishment	2021/22	H	0.362			0.362												0.362	Borrowing
Bicester East Community Centre	2021/22	C	0.600			0.600							(0.425)					0.175	Borrowing
Thorpe Lane Depot - Renewal of Electrical Incoming Main	2022/23	ES	0.120			0.120												0.120	Borrowing
Installation of Photovoltaic at CDC Property	2022/23	ES	0.000			0.000												0.000	Borrowing
Kidlington Leisure New Electrical Main	2022/23	SS	0.020			0.020												0.020	Borrowing
Spiceball Sports Centre - Solar PV Car Ports	2023/24	ES	0.160			0.160												0.160	Borrowing
Kidlington Sports Centre - Solar PV Car Ports	2023/24	ES	0.117			0.117												0.117	Borrowing
North Oxfordshire Academy - Solar Panels	2023/24	ES	0.018			0.018												0.018	Borrowing
Community Centre Solar Panels	2023/24	ES	0.108			0.108												0.108	Borrowing
Thorpe Lane - Solar Panels	2023/24	ES	0.034			0.034												0.034	Borrowing
Thorpe Lane - Heater Replacement (Gas to Electric)	2023/24	ES	0.023			0.023												0.023	Borrowing
Bicester Depot Building	2023/24	SS	2.675	(1.937)	1.200	1.938	1.937							(0.750)				3.125	Borrowing
Council Office Relocation and Development	2023/24	SS	0.000		4.500	4.500								(4.500)				0.000	Capital Receipts
Property - Capital Total			**6.961**	**(3.925)**	**5.700**	**8.736**	**2.434**	**0.497**	**0.497**	**0.497**	**0.000**	**0.000**	**(0.425)**	**(5.250)**	**0.000**	**0.000**	**0.000**	**6.986**	
Vehicle Replacement Programme	Annual	ES	1.109	(1.525)	1.916	1.500	1.689	1.763	1.400									6.351	Borrowing
Street Scene Furniture and Fencing project	2020/21	ES	0.008		0.012	0.020												0.020	Borrowing
Investing in Additional commercial waste containers	2023/24	SS	0.000		0.025	0.025	0.025											0.050	Borrowing
Depot Fuel System Renewal	2020/21	SS	0.035			0.035												0.035	Borrowing
Burnehyll- Bicester Country Park	2020/21	ES	0.064			0.064												0.064	Borrowing
Environmental - Capital Total			**1.216**	**(1.525)**	**1.953**	**1.644**	**1.714**	**1.763**	**1.400**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**6.520**	
Total Existing Capital Programme			**12.435**	**(6.734)**	**15.754**	**21.455**	**5.717**	**3.699**	**4.440**	**1.736**	**4.189**	**(2.877)**	**(5.826)**	**(6.489)**	**(1.239)**	**(2.393)**	**(1.239)**	**21.172**	

Pipeline Projects - Subject to Business Case and Funding

					Budgeted Expenditure							Funding £m							
Project Name	**Approval Year**	**CP**			**2024/25 Planned**	**2024/25 Total**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**Future Years**	**Funding b/f**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**Borrowing Required**	**Primary Funding Source**
Development of new Learner Pool at Bicester Leisure Centre	N/A	C				0.000			3.994							(3.994)		0.000	S106 Receipts
Development of BMX Pump Track	N/A	C				0.000			0.200							(0.200)		0.000	S106 Receipts
Total Pipeline Projects					**0.000**	**0.000**	**0.000**	**0.000**	**4.194**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(4.194)**	**0.000**	**0.000**	

* Forecast as at 30 Nov 2023, subject to change by 31 Mar 2024. Final position will be reported to Executive in the Q4 Perfromance Report

** Subject to confirmation of funding for 2025/26 onwards from the Better Care Fund.

CAPITAL AND INVESTMENT STRATEGY

2024/2025

Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

CONTENTS

A. Capital Strategy

A1. Introduction

As part of its annual budgeting cycle, Cherwell District Council proposes a capital programme that sets out the capital expenditure that is expected to take place over the next 5 years. The programme is a series of projects undertaken by service departments for which there has been an identifiable business need.

Capital expenditure is money spent on acquiring and enhancing non-current assets that are used in the delivery of services and providing economic benefits to the council and its residents.

The council has had, and continues to put forward, an ambitious programme that seeks to deliver on its key corporate priorities as detailed in the 2023-24 Business plan, namely:

- Healthy, resilient, and engaged communities
- An enterprising economy with strong and vibrant local centres
- Supporting environmental sustainability
- Housing that meets your needs
- Running the business - support service

To ensure that the council can deliver upon these priorities, a medium to long-term view is taken of planned capital expenditure to ensure that the programme is prudent, affordable, sustainable, and deliverable.

Owing to the nature of capital spend, there are financial and non-financial factors that need to be evaluated and monitored to ensure council stakeholders and decision makers are kept fully informed, in line with the CIPFA Prudential Code for Capital Finance.

The Prudential Code for Capital Finance sets out that 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.

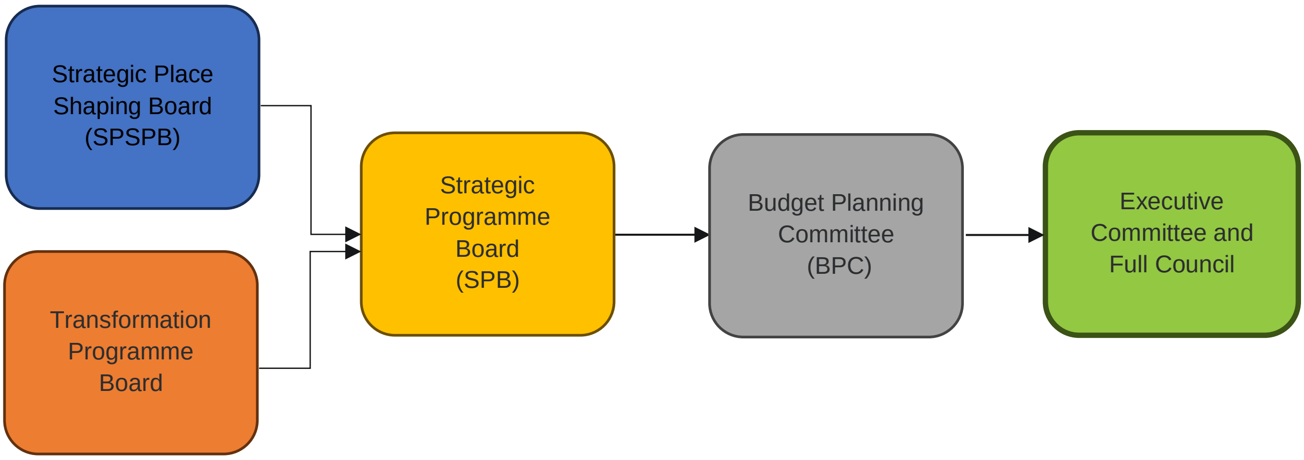
A2. Capital Planning and Project Approval

Starting in the Spring of each new budget cycle, service managers are tasked with conceptualising, proposing, and developing capital projects that are linked to corporate or service priorities as part of the Budget & Business Planning process.

The council operates a gateway process to ensure that projects have appropriate governance arrangements in place to identify and manage risk.

The Strategic Place Shaping, Transformation and Strategic Programme Boards provide oversight and scrutiny for the process, alongside the Budget Planning Committee. Project boards comprise officers from the director and assistant director level, as well as project managers, budget holders and finance officers. Approval of capital projects and the capital programme is made by Full Council. Capital projects may occasionally be approved outside of the annual budget cycle in line with the Council's Financial Regulations.

Diagram A2.1: Capital Project Oversight Boards



The capital gateway process has five stages:

Diagram A2.2: Capital Gateway Process

Gateway 0 - Business Need

Capital proposals first and foremost, must have a demonstrable business need. Officers must put forward rationale for why undertaking a project is necessary, including the corporate objectives it aligns with and a high-level budget outline, estimating both capital and revenue impact and any identified sources of capital funding. Bids are considered and discussed by the relevant boards and recommendations are made to the Strategic Programme Board (SPB) which takes a decision on progression of the scheme to gateway 1.

Gateway 1 - Business Case

Progression through gateway 1 requires the development of an outline business case and options for the scheme, ensuring that the council can deliver projects that offer value for money. The business case will include information that will assist board members in appraising the project. Within each option, an analysis of the benefits and drawbacks must be provided, alongside a summary of key risks, a project timeline and more detailed budget proposal. The business case must discuss carbon and climate impact, and any stakeholder engagement. Programme boards consider the business cases and provide feedback to officers, with recommendations made by the board for the project to be taken forward to gateway 2, reworked, paused, or postponed. At this point, finance officers conduct a review of the affordability of the project and prepare revenue budget figures for inclusion in the Medium-Term Financial Strategy (MTFS).

Gateway 2 - Business Decision

Recommendations made by the boards at gateway 1 are considered by SPB, both in terms of priority and affordability. Projects proposed to be included in the Council's capital programme are then considered and appraised by the Budget Planning Committee which provides 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 presented to Council in February each year. Once approved by Full Council, budgets are uploaded to the financial system and project officers can commence work on the approved schemes.

Gateway 3 - Business Delivery

Approved projects are overseen by project managers that are responsible for delivering projects on time and within budget. This responsibility extends to risk management and escalation of issues to ensure that projects remain on track. All capital projects and programmes are reviewed monthly as part of routine budget monitoring, which provides an opportunity to review project costs against budget and escalate potential areas of concern with senior management. The outputs from routine budget monitoring processes feed into the Finance Capital reporting to the Executive, this reporting includes narrative which provides non-financial updates on capital projects.

Gateway 4 - Business Benefit Realisation

As part of project closure, officers are encouraged to reflect on the project undertaken and report back to project boards via a Benefit Realisation Report.

A3. Capital Expenditure

Regulations

Local Authorities operate under a capital prudential framework and under a statutory legal environment through the Local Government Act 2003.

Expenditure can only be capitalised (i.e., recorded as an asset on the Council's balance sheet) under these regulations, if the spend is incurred in:

- Acquiring, constructing, or enhancing physical or intangible assets, such as land, buildings, plant, vehicles, and equipment
- Acquiring share capital in a third party
- Advancing a loan to a third party that would be for capital purposes if incurred by the council
- Granting of funds to a third party which is to be used for a capital purpose
- Purchasing or enhancing assets from which the council does not have the legal right to economic or service benefits from but would otherwise be capital if the council had those rights (Revenue Expenditure Funded by Capital Under Statute).

As part of the capital gateway process outlined in section A2, projects are appraised on whether proposed expenditure falls into the above categories. Proposed expenditure that does not meet capitalisation regulations as determined by the Capital Accountant and/or S151 Officer, is then considered as a potential revenue pressure as part of the revenue budget setting process.

Expenditure on assets that are capital in nature and in the same class, but do not aggregately meet the council's capital de minimis threshold of £10,000, are also charged as a revenue expense.

Project officers are provided with guidance that outlines the requirement for expenditure being treated as capital. The below table demonstrates how the council typically treats expenditure that are related to capital projects:

Table A3.1: Accounting Treatment of Project Expenditure*

Expenditure Type	Accounting Treatment
Feasibility Studies	Revenue Expense
Options Appraisal	Revenue Expense - expenditure incurred on the option that is proceeded with *may* be capitalised e.g., if three options are appraised, 1/3 of the cost may be capitalised
Internal Staff Costs	Revenue unless a direct contribution is made to the progressing of the creation, acquisition, or enhancement of an asset e.g., a project manager. Officers are required to provide timesheets and other written documentation as justification for capitalising a staff member's cost for audit purposes.
Interest Costs on Prudential Borrowing	Revenue Expense
Design, Architect and Engineer Costs	Capital Expense
Contractors Costs	Capital Expense
Legal Fees	Capital Expense (except in relation to conveying the sale of an asset)

**This is not an exhaustive list of expenditure types*

It is therefore vital that project officers correctly classify spend for revenue and capital purposes to avoid unforeseen budget pressures. Aborted projects which no longer meet capitalisation requirements are subsequently charged to revenue.

Capital Programme

The council has a sizeable capital budget with committed spend of £40m across the programme. Projects already in the existing capital programme, prior to the inclusion of 2024/25 proposals, include:

- Transforming Bicester Market Square - £4m
- S106 Community Infrastructure Projects across the District - £2.8m
- Construction of a New Waste Services Depot - £3.9m
- Vehicle Replacement Programme - £5.7m
- Development of Castle Quay - £2.4m

All projects exist to further the Council's delivery against its corporate objectives or to improve service delivery and council operations. A summary of planned capital spend in accordance with the corporate objectives is outlined in table A3.2 below:

Table A3.2: Capital Programme across Corporate Priorities in £m

Corporate Priority	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Healthy, resilient, and engaged communities	0.3	1.7	4.9	0.1	0.0	1.2
An enterprising economy with strong and vibrant local centres	2.3	0.9	5.3	0.5	0.5	0.5
Supporting environmental sustainability	3.7	1.2	2.3	1.8	1.9	1.5
Housing that meets your needs	8.1	21.5	4.6	1.4	1.4	1.4
Running the business - support service	0.8	4.7	7.2	20	0.0	0.0
Total Capital Expenditure*	**15.3**	**29.9**	**24.3**	**5.8**	**3.8**	**4.6**

**Not including pipeline projects for which funding has not yet been received*

As part of the 2024/25 budget setting process, Full Council is requested to approve additions to the capital programme to further progress against corporate objectives. These projects are mostly funded by capital grants and S106 receipts, keeping borrowing levels at to a minimum. Proposed projects include:

- £1.6m of S106 spend on development of a 3G pitch at North Oxfordshire Academy
- £0.7m of debt financed Carbon Net Zero Capital Projects (subject to business cases prior to spend)
- £0.6m of S106 spend on development of Activity Play Zones

The council also has projects in the pipeline which are being planned, but for which capital funding has not yet been fully identified or received.

This includes the development of a New Learner Pool at Bicester Leisure Centre (£5.2m) and the BMX Pump Track (£0.2m). It is expected that future S106 receipts will be received to fully fund these projects and enable progress to Gateway 2. These items are included in the capital programme but are not able to proceed until all funding has been identified for them.

A4. Capital Financing and Affordability

Financing the Capital Programme

Capital expenditure included in the capital programme is financed from various sources – these sources can either be external (from third party contributions such as grants and Section 106 contributions) or internal (making use of reserves and capital receipts). Borrowing may be used as a temporary source of finance – as such the council may borrow externally within the prudential framework to acquire and enhance assets, including finance lease arrangements. Alternatively, it can borrow internally, making use of cash balances it holds in advance of expenditure to temporarily finance its capital spend. Internal borrowing is usually the preferred route - where possible - as interest payable on external borrowing is typically higher than interest receivable on surplus cash balances. A reduction in interest receivable will therefore be outweighed by the cost avoidance benefit in not borrowing externally. More information on this can be found in the Council's Treasury Management Strategy.

Borrowing results in an increase to the Council's Capital Financing Requirement (CFR) which needs to be carefully managed. Table A4.1 shows the expected use of receipts and the effects on the council's need to utilise borrowing as a temporary source of finance:

Table A4.1: Sources of Capital Finance

Financing Source	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Capital Expenditure	**15.3**	**29.9**	**24.3**	**5.8**	**3.8**	**4.6**
Capital Receipts	(7.9)	(15.0)	(0.4)	(5.3)	0.0	0.0
S106 Receipts	(1.1)	(0.7)	(3.9)	0.0	0.0	(1.2)
Capital Grants	(5.3)	(3.0)	(6.5)	(1.2)	(1.2)	(1.2)
Total Financing	**(14.3)**	**(18.7)**	**(10.9)**	**(6.5)**	**(1.2)**	**(2.4)**
Increase/(Decrease) in CFR*	**1.0**	**11.2**	**13.5**	**(0.6)**	**2.6**	**2.2**

**Figures may not cross-cast between tables due to rounding.*

Capital receipts are a permanent source of finance i.e., it is funding the council controls and does not have to repay. Capital receipts typically arise from the disposal of a non-current asset. Examples of capital receipts include:

- Proceeds from the sale of land or a building
- Repayment of a capital loan from a borrowing entity
- Disposal of a financial interest in a capital asset, such as a re-sale covenant on a house

Once received, capital receipts can be used to finance new capital expenditure or applied to existing expenditure to reduce the council's need to borrow. Application of capital receipts to new or historical spend will be a decision taken by the S151 Officer. Capital loan receipts are applied to the unfinanced capital spend incurred in making the original loan advancement.

Capital grants are generally received for a specific expenditure purpose and are recognised as a council resource when reasonable assurance has been received that the council will meet any conditions attached to the use of the funds. Capital grants are used for financing in the financial year the spend is incurred, with unspent balances transferred to capital reserves which can be used to finance spend in future years.

To finance capital expenditure that has no permanent source of finance such as capital receipts or grants, and that has utilised borrowing as a temporary source of finance, revenue resource must be provided for over the lifetime of the underlying asset or enhancement made. This is known as the Minimum Revenue Provision (MRP) and is a statutory requirement for councils that have utilised prudential borrowing. MRP is provided for annually and acts to reduce the council's need to borrow money, i.e., its CFR. The MRP charge must demonstrate prudence and be made with due regard to statutory guidance published by central government. The Council's MRP statement can be found in Annex A to this document. The Council's MRP forecast is outlined in table A4.2.

Table A4.2: Minimum Revenue Provision Forecast

MRP (£m)	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Minimum Revenue Provision (MRP)	(4.9)	(3.7)	(5.5)	(4.7)	(4.9)	(5.0)

Capital Financing Requirement

The level of capital expenditure not yet permanently financed is measured through the Capital Financing Requirement (CFR). The CFR indicates the extent to which the council has needed to borrow (incur debt) and is calculated by taking the Council's total spend for capital purposes and deducting capital grants, receipts and revenue resource applied against the expenditure. Forecasting the CFR is a vital part of revenue budget management as it determines the level of prudent MRP.

Table A4.3: Capital Financing Requirement Actuals and Estimates

CFR (£m)	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
CFR	238.6	246.1	254.0	248.7	246.4	243.6

A5. Treasury Management and Prudential Borrowing

Prudential Borrowing

The council as a local authority can borrow for purposes that comply with the CIPFA Prudential Code for Capital Finance. As part of this capital strategy a series of indicators are provided to help demonstrate that borrowing is incurred in-line with the Prudential Code. Prudential indicators are provided in section A6 of this strategy.

Under the revised code, the council *cannot* borrow for commercial purposes i.e., make capital investments primarily for financial return. The council takes decisions on its capital programme with the fundamental principle that the capital project must deliver against corporate priorities as its primary objective. The council will therefore comply with this requirement.

Treasury Management

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 31 December 2023 the Council had borrowings of £166m at an average interest rate of 2.18%, and £27m of investments at an average interest rate of 5.58%. The borrowing position is reported regularly to Accounts, Audit & Risk Committee as part of the Treasury Management reports.

Borrowing Strategy

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. To meet this objective the council must review the current market conditions alongside the long-term forecasts from Link to determine how to structure borrowings. Short term loans, which usually have lower interest rates and offer excellent flexibility, are suitable for stable market conditions or when interest rates are forecast to fall. Medium to long term loans offer a certain cost of finance but are generally more expensive and inflexible. The council must therefore seek to strike a balance between short and medium to long term loans, to meet its objectives, by anticipating both its borrowing need and the forecast interest rates.

A6. Prudential Indicators

Under the Prudential Code, the council is required to ensure that all capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so the council must take into account arrangements for the repayment of debt (including through MRP) and consideration of risk, and the impact and potential impact on the council's overall fiscal sustainability.

A series of prudential indicators are set each year as part of the Capital Strategy to demonstrate that the council has due consideration of these factors when determining its capital programme.

A6.1 Debt and the CFR

The council can only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes. The council should ensure that gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and the next two financial years.

Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below, compared with the capital financing requirement (see table A4.3)

Table A6.1: *Debt vs CFR (£m)*	2022/23 actual	2023/24 forecast	2024/25 forecast	2025/26 forecast	2026/27 forecast
Gross Borrowing (incl. PFI & leases)	188.0	181.0	180.0	180.0	175.0
Capital Financing Requirement	238.6	246.1	254.0	248.7	246.4

As per the table, the council expects that its gross borrowing will not exceed its CFR across the MTFS period.

A6.2 Borrowing Boundaries and Limits

The council is legally obliged to determine and keep under review 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 A6.2: *Operational Boundary vs Authorised Limit (£m)*	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
Operational boundary	290.0	290.0	290.0	280.0
Authorised limit	310.0	310.0	310.0	300.0

There are no changes to the 2024/25 boundary and limit, indicating that the council is effectively managing its debt and cashflows.

A6.3 Financing Cost to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. Together these are referred to as financing costs and it is useful to compare this to the net revenue stream, i.e., the amount funded from Council Tax, business rates and general Government grants, to determine that capital financing costs are proportionate and affordable.

Table A6.3: *Financing Costs to Net Revenue Stream (£m)*	2022/23 Actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Interest Payable	3.6	4.0	4.5	4.8	5.0
Minimum Revenue Provision	4.9	3.7	5.5	4.7	4.9
Total Financing Costs	**8.4**	**7.7**	**10.0**	**9.5**	**9.9**
Net Revenue Stream	22.6	28.1	26.2	21.1	18.1
Total Funding	**22.6**	**28.1**	**26.2**	**21.1**	**18.1**
Proportion of Net Revenue Stream	**37.3%**	**27.4%**	**38.2%**	**45.3%**	**54.7%**

This indicator shows that the ratio of financing costs to net revenue streams is high, however it doesn't consider is that a large proportion of the council's financing costs are offset by the interest from on-lending to the Council's subsidiaries, and income generated by assets acquired as part of the Council's regeneration programme. **This "non-treasury investment" income is not included in the net revenue stream as it does not form part of the Council's core funding but is nonetheless a key resource for the council.**

A6.4 Net Income from Service Investment Income to Net Revenue Stream
This Indicator shows the financial exposure of the authority to the loss of its non-treasury investment income, i.e., income from financial investments (e.g., share and loan capital in council subsidiaries) and income from property assets:

Table A6.4: ***Ratio of Service Investment Income to Net Revenue Stream (£m)***	**2022/23 Actual**	**2023/24 forecast**	**2024/25 budget**	**2025/26 budget**	**2026/27 budget**
Net Income from Financial Investments	4.9	5.1	4.5	4.5	4.5
Net Income from Property Assets	4.2	5.1	5.8	8.2	8.3
Total Service Investment Income	**9.1**	**10.2**	**10.3**	**12.8**	**12.8**
Net Revenue Stream	22.6	28.1	26.2	21.1	18.1
Total Funding	**22.6**	**28.1**	**26.2**	**21.1**	**18.1**
Ratio of Service Investment Income	**40.4%**	**36.3%**	**39.1%**	**60.6%**	**70.7%**

Investment income represents a significant proportion of the net revenue stream and therefore the risks around loss of this income should be monitored closely. The council conducts regular reviews of projected levels of income as part of monthly budget management and provides regular updates to senior management via performance and aged debt reporting. Risks associated with income loss can therefore be identified early and plans can be implemented to mitigate the impact so the council can continue to deliver a balanced budget.

Whilst financing costs are high, the overall picture is incomplete without factoring the contribution investment income makes towards these costs. Deducting the ratio of net income from Service Investments from the Ratio of Financing costs reveals the affordability ratio, which demonstrates the net revenue impact to the taxpayer as a result of the Council's capital investment decisions.

A6.5 Affordability Ratio
There is no established Local Authorities benchmark for this ratio as activities differ widely. Interest earned on Treasury investment is not considered in either of the calculations and therefore it is not unexpected to see a positive percentage when the two are netted off against each other.

The affordability ratio shows that after taking into account the income relating to the capital expenditure that is being financed the council has an affordable net cost of capital financing:

Table A6.5: ***Affordability Ratio***	**2022/23 Actual**	**2023/24 forecast**	**2024/25 budget**	**2025/26 budget**	**2026/27 budget**
Ratio of Financing costs	37%	27%	38%	45%	55%
Ratio of Service Investment income	40%	36%	39%	61%	71%
Affordability ratio	**-3%**	**-9%**	**-1%**	**-15%**	**-16%**

The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable, and sustainable.

With increases in interest rates in the past year, the council will continue to monitor this ratio and report to senior management via its regular Treasury Management review. Should the affordability ratio move adversely, the council will need to review whether this is sustainable and what actions may be required to mitigate the impact to the taxpayer as part of its budget monitoring and Medium-Term Financial Strategy.

A7. Capital Health

To get an indication of the Council's overall capital health, it is useful to examine the ratio of the CFR to the Council's total long-term asset value to determine the extent to which the council's assets could clear its debt through asset disposals, if necessary.

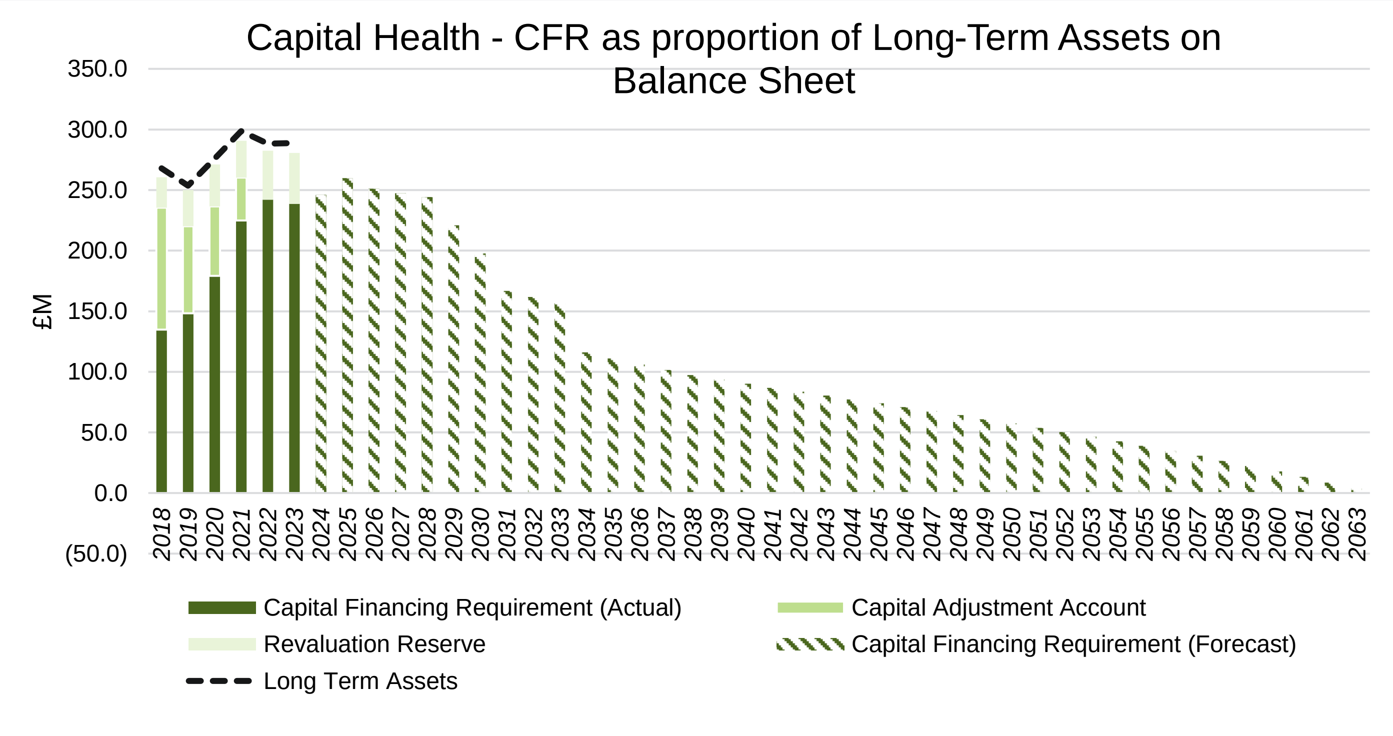
Table A7.1 – Capital Health in £ millions

Capital Health (£m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Financing Requirement	134.9	148.2	179.2	224.8	242.1	238.6
Long-Term Assets *(as per statement of accounts)*	267.8	253.6	275.8	298.6	288.2	288.8
CFR to Long-Term Asset Ratio	**50%**	**58%**	**65%**	**75%**	**84%**	**83%**

As of 31st March 2023, the Council's CFR amounted to 83 percent of the value of its total capital worth (Long-term asset value), demonstrating that the Council's total capital worth exceeds its borrowing requirement.

Figure A7.2 demonstrates how this has changed since the council began borrowing to fund its capital programme and includes a forecast of the Council's CFR up to 2063 based on the current 5-year capital programme and no future additions to this.

Figure A7.2– Capital Health: CFR as proportion of Long-Term Assets



The Council's capital assets are comprised of fixed assets, such as property, and financial assets, such as loan and share capital. Fixed assets and long-term financial assets are less liquid than treasury management investments, as loans and share capital have contractual arrangements and agreed repayment profiles in place, whilst property is utilised in the delivery of corporate priorities. It is important that the council continues to monitor the repayment profiles of loans and valuation of its property assets to ensure that the council can cover its debt obligations through asset sales if required to do so (e.g. in the unlikely event that PWLB refinancing of loans becomes unavailable).

Based on current forecasts, the CFR is expected to reduce by 30% by 2031 and be cleared by 2064. This is mainly due to the effects of the annual minimum revenue provision set aside by the council and principal repayment of capital loans and share capital investments by the Council's subsidiary company Graven Hill.

The council continues to ensure that wherever possible, new capital projects are fully funded by capital grants, capital receipts or S106 receipts, keeping additional borrowing requirements to a minimum level and on projects whether there is a demonstrable business need or statutory duty.

A8. Asset Management and Commercial Risk

Asset Management

To ensure that capital assets continue to be of long-term use, the council is in the process of preparing a revised Asset Review, where the purpose of each asset held, is challenged, and these properties will be underpinned by a series of policy documents which detail how each category of property is managed. This is a multi-level approach structured as follows:

- At a property level this will comprise of the preparation of an asset management plan which are then subject to periodic review and updating. This process is ongoing and informs the portfolio strategy as a whole.

- 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 Property Managers to progress whose work schedules are reviewed periodically.

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. Receipts from capital grants, loan repayments and investments also generate capital receipts.

Commercial Risk

To drive leadership of place within Cherwell, stimulate growth, pursue economic regeneration and to generate income to support the revenue activity, the council holds commercial property assets that are subject to commercial risks. The council continues to make investments in enhancing and adapting these assets to ensure they remain fit for purpose and to maximise their service and economic potential in a what has been a turbulent financial environment for commercial property nationwide.

The council recognises that the investments made in commercial property are higher risk than treasury investments. The principal risk exposures are listed below together with an outline of how those risks are managed:

Table A8.1 – Commercial Risk Management

Illiquidity	The council acknowledges illiquidity as a risk in property and whilst it cannot be avoided the risk is mitigated by the following strategies: a) The council invests across a range of sectors and its assets are diversified in terms of lot size. b) Some of 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. c) 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	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: 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 must 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 policy contingency budget is held within the Council's annual revenue budget alongside a market risk earmarked reserve which can meet a shortfall in income that may arise in year due to tenant defaults.
Obsolescence	A significant proportion of the Council's portfolio comprises industrial / warehouse buildings and retail assets which have relatively low obsolescence compared to office premises. This is because offices in general require significant investment to maintain the landlords fit out specification in line with market demands. Where matters of council policy override commercial concerns, the Council's portfolio is more vulnerable. E.g., where significant outlay may be required on plant and machinery at the end of their useful economic lives. This will be considered in the Asset Management plan for each asset.
Capital expenditure	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.
Market risk	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: 1. Lease lengths should be 3 – 5 years + which obviates most market risks during the period of the tenancy. 2. Longer leases which contain regular rent review provisions normally require the rents to be reviewed in an upwards only direction. 3. Tenant failure – see above under Tenant Default, re: vetting and diversification policies plus earmarked reserves held. An additional risk is over-exposure to town centre retailing as the portfolio's largest assets are the Castle Quay Centre and Retail Complex in Banbury as well as Pioneer Square in Bicester. The risks arising from these investments will be managed as part of the Strategic Asset Management plan and Asset Actions Plans for each asset.
Returns eroded by inflation	Most properties are let on lease terms which contain upwards only rent reviews and some are indexed linked guaranteeing rental growth. Although in general rental levels lag against inflation (both when rising and falling due to reviews or renewals being generally every 3-5 years) rents are historically considered to be more stable with less fluctuations.
Rising interest rates	Interest rate risks are managed by the Council's Treasury Management function which is supported by professional advisers. The council publishes its approach to interest rate management in its quarterly Treasury Management Report and annual Treasury Management Strategy which should be read in conjunction with this strategy.

Commercial Governance

Decisions on investment in assets with commercial risk are made by Members and Statutory Officers in line with the criteria and limits approved by Full Council in the Investment Strategy. Acquisitions of property are made in-line with strategic priorities of the council, are capital in nature and will therefore form part of the council's capital programme.

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 representative meets with the directors both formally and informally to ensure there is a consistent dialog between the companies and the council.

Further details on commercial investments and limits on their use can be found in the Investment Strategy (Section B of this report).

A9. Knowledge and Skills

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 of experience and several other members of the Finance team are CIPFA members and fully qualified accountants. Senior members of the Property team are registered surveyors with the Royal Institute of Chartered Surveyors (RICS). The council also pays for junior staff to study towards relevant professional qualifications, including CIPFA, to support professional development and team resilience.

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.

B. Investment strategy

B1. Introduction

The CIPFA Prudential Code for Capital Finance outlines that in the Investment Strategy presented to Full Council each year, it should report on all financial investments of the authority, together with other non-financial investments such as those held for service purposes or for financial return.

Local authority investments (including commercial property) may be categorised in accordance with the primary purpose of the investment. The chief financial officer makes a judgement as to the primary purpose of the investment. For the purposes of this strategy, all investments and investment income must be attributed to the following purposes as per the prudential code:

- ‘Investments for **treasury management** purposes’ (or treasury management investments) are those investments that arise from the organisation’s cash flows or treasury risk management activity, and ultimately represent balances that need to be invested until the cash is required for use in the course of business.

- ‘Investments for **service** purposes’ (or service investments) are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.

- ‘Investments for **commercial** purposes’ (or commercial investments) are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.

In line with the above definitions, 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, such as subsidiaries and local community groups (**service investments**) and

- to deliver against corporate priorities as detailed in the council’s annual business plan (**service investments**)

The council does not invest *primarily* for financial return (commercial purposes) – for the council to do so, it is likely the council would need to incur borrowing. The prudential code does not permit borrowing for commercial purposes.

The council realises the benefits of its investments either through direct delivery towards corporate priorities, or by generating additional income that supports service delivery and the revenue budget.

The below table summarises how each type of investment benefits the council and its residents:

Table B1.1: Investment types and Benefits

Investment	Purpose	Examples	Strategic and Service Benefits	Economic Benefits

Treasury Investments	To manage surplus cash balances held in advance of expenditure	Money Market Funds, DMADF, other Local Authorities & fixed deposits with banks	Effective treasury management – i.e. deposit cash in facilities that are secure, liquid and generate a financial return	Interest received can be used to support day-to-day revenue spend the council incurs in delivering its services.
Service Investment: *Purchasing of Share Capital*	To enable subsidiary companies such as Graven Hill to deliver service objectives and be commercially viable enterprises	Graven Hill, Crown House	The subsidiary is provided financial resource to deliver housing for the district	Investing in subsidiaries can help deliver service objectives that impact the local economy and help to stimulate economic growth e.g., in providing housing, attracting businesses, encouraging private investment in the district. The council may receive a dividend payment from the profits generated that can support revenue spend.
Service Investment: *Advancing of Capital Loans*	Loans are advanced to organisations such as its subsidiaries, local parishes and local charities to support local public services and stimulate local economic growth	Graven Hill, Crown House, Local Charities and other organisations	To enable continual delivery of housing and infrastructure to the local community. To enable local groups to deliver objectives and priorities which align with the Council's.	Advancing loans can enable local organisations to facilitate economic growth. The council receives interest on the loan advances. Loans are repaid to the council on maturity.
Service Investments: *Property*	To help the council to deliver services, meet its corporate priorities and generate income to support its revenue activity	Bicester Depot, Castle Quay, Tramway Industrial Estate	A direct impact is made on the district through strategic place shaping, regeneration, and other forms of service delivery	Property investments support public services and help to attract for local and national businesses, driving economic prosperity. The council can generate income from lettings of space that it does not occupy, e.g., retail, and industrial space.

B2. Treasury Management Investments

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 £14m during the 2024/25 financial year.

Full details of the Council's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy.

B3. Service Investments: Loans

Contribution
The council lends money to third parties (e.g., 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 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
The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. 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 B3.1: Fair Value of Loans

Category of borrower (£m)	31st March 2023 actual			
	Balance	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	71.2	1.3	69.9	71.2
Parishes	0.1	0.0	0.1	0.1
Local charities	0.1	0.0	0.1	0.1
Other	1.3	0.1	1.2	1.3
TOTAL	**72.7**	**1.4**	**71.3**	**72.7**

Accounting standards (IFRS 9) 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
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.

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: Share Capital

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, Graven Hill Development Company Ltd and Crown House Banbury Ltd.

One of the risks of investing in shares is that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares are set as part of the Investment strategy. For 24/25 this limit has been raised by £10m to allow for a potential increase in the equity investment in Crown House, subject to approval of a business case. Table B4.1 below shows the most recent values and the limit.

Table B4.1: Fair Value of Share Capital Investments

Category of company	31st March 2023 actual			
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	35.7	0.0	35.7	45.7
TOTAL	**35.7**	**0.0**	**35.7**	**45.7**

The council assesses the risk of loss before entering into entering 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.

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.

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. Service Investments: Property

The council invests in local property in two ways: by acquiring new assets and by enhancing existing assets to help provide and meet the needs of its residents and businesses. For example, the council has recently acquired land to relocate and expand its Waste Collection Depot in Bicester to accommodate growth across the district. The Capital Programme includes significant investment over the next five years, which includes:

- Development of the new Bicester Depot
- Transforming Bicester Market Square
- Investing in Solar Panels and Solar Photovoltaic car ports at the Council's leisure and community centres
- Acquiring and making capital improvements to Town Centre House to return the building to use, to help rehouse Ukrainian Refugees, and to provide safe, secure and affordable housing
- Commitment of funding to net zero carbon projects

The council also continues to hold strategic assets that have received significant investment in recent years to regenerate town centres and generate income for the council, the largest of which include,

- Castle Quay Centre and Waterfront, Banbury;
- Pioneer Square, Bicester;
- Tramway Industrial Estate; Banbury.

Security

Under the statutory guidance on investments published by Central Government, the council should evaluate the security of its investments by conducting a fair value assessment against the capital invested. A fair value assessment is possible for assets held at fair value, I.e. properties valued annually as investment property (IAS 40 as adapted by the CIPFA code) or operational assets valued under Existing Use Value (EUV) where there is an active market for these types of assets.

In 2023, the council undertook a review of properties held under IAS 40 and determined that most of the assets classified as investment property up to 2021/22 were done so incorrectly. The CIPFA code defines Investment Properties as assets held *solely* for financial return, either through rental income or capital appreciation.

Assets like Castle Quay, Tramway and Pioneer Square that were originally classed as investment properties, were investments made for the purpose of meeting the strategic regeneration objectives of the council, and *not* solely for financial return. Regeneration is, and has been, a key service objective for the council and whilst the assets are partly commercial in their day-to-day use as retail, leisure and industrial operations by tenants and generate rental income, the council continues to hold the assets as part of its wider regeneration strategy.

The council has therefore reclassified these assets as Property, Plant and Equipment (operational assets) and made prior year adjustments to its accounts to correct erroneous classification made in prior years' financial statements.

Under the CIPFA code, operational assets are valued under the Existing Use Value approach. Existing Use valuations are conducted on assets that have service benefits, such as in provision of housing or in the delivery of regeneration objectives. Existing Use (EUV) valuations may in some circumstances be lower than Market Value due to EUV disregarding potential alternative uses of the asset, known as 'hope value'. An assessment of the security of these assets is therefore made against valuations in Existing Use where Market Value is unavailable. Table B5.1 shows the latest fair value assessments of the council's high value strategic investments made in recent years:

Table B5.1: Fair Value of High Value Investments in the Council's Strategic Assets

Asset Name	Investment Cost (£m)	Fair Value 31/03/2022 (£m)	Movement in Fair Value (£m)	Fair Value 31/03/2023 (£m)	Gains/(Losses) in Book Value Recognised in Accounts (£m)
Castle Quay Waterfront, Hotel and Supermarket	68.3	32.0	(2.6)	29.4	(38.9)
Castle Quay Centre	64.7	15.4	(1.6)	13.8	(50.9)
Tramway Industrial Estate	9.6	10.7	(1.6)	9.1	(0.5)
Pioneer Square	8.2	4.1	0.3	4.4	(3.8)
Totals	**150.8**	**62.2**	**(5.5)**	**56.7**	**(94.1)**

The decline in book values have been driven by multiple factors, namely:

- The decline of high street retail, accelerated by the Covid-19 pandemic
- Performance of retail assets nationally, affecting property yields and therefore asset valuations
- National economic conditions, such as interest rates and inflation

Book gains and losses are recognised in the Council's statutory accounts to reflect fluctuations in asset values and represent a snapshot of the Council's financial position as at a balance sheet date. Cash movements against the original capital investment are therefore not realised until an asset is disposed of.

The council recognises that property valuations are important. The book value losses recognised to date, whilst significant, are temporary and are expected to improve in the medium to long-term which will ensure the authority remains in a healthy long-term financial position. The investment benefits will continue be realised through non-financial factors such as regeneration and place shaping and through revenue receipts which will help finance the capital investment.

Whilst strategically important, property valuations do not have a direct impact on the council's day-to-day financial standing. The council has prudently budgeted for the debt servicing costs on these investments and continues to receive income from the assets to support the financing of the investments. Many of the assets are long-term for the council, with current and future service benefits that also need to be taken into consideration in evaluation of the investment. As detailed in section A6 of the capital strategy, the council deems its capital investment plans to be affordable, prudent, and sustainable.

To improve the economic and service potential of its property investments and ensure they remain fit for purpose, the council intends to undertake a strategic review of its property within the next 12 months. A strategic review on one of the Council's largest assets, the Castle Quay Centre, is already underway. As part of this review, the council has already assessed the viability of moving council offices to the centre, for which a business case has been approved. Further work is now being undertaken to progress the project. Once the move to Castle Quay completes, a capital receipt may be generated from the sale of the current council headquarters, Bodicote House.

It should be noted that the security of investment is not only considered through annual fair value assessment. Asset valuations fluctuate in accordance with the market, which has been on a downward trend in recent years. Assets that generate income to the council contribute to the overall business case and therefore whilst capital values may fluctuate, income generated from property assets may be considered secure in accordance with the lease terms granted, tenant performance, and asset obsolescence.

Risk assessment

The council assesses the risk of loss before entering 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.

The property investment market is dynamic, and the council is 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 Council's focus is on assets that are local and help to deliver the strategic aims of the council.

In all acquisitions the council takes 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, letting risk, marketability and occupational demand, and likely expenditure over the hold period.

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.

Credit ratings are used on acquisitions, new lettings and when tenants request consent to assign their leases. The council uses D&B ratings as well as reviewing the published accounts of tenants or potential tenants.

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 RICS Red Book valuation by qualified surveyors who are independent i.e., not acting for the council or the vendor on the acquisition.

Liquidity

Compared with other investment types, property is relatively difficult to sell to 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 diverse range of sectors and lot sizes. 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 other than for the purposes of delivering regeneration which has a different investment objective from pure revenue or capital return.

- Some of 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

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, bond, and guarantee amounts:

Table B5: Loan Commitments, Bonds and Guarantees

Borrower	Purpose	£m Contractually Available
Graven Hill Village Development Company Ltd	Revolving Credit Facility available to the council's subsidiary until 2026	£17.0m
Graven Hill Village Development Company Ltd	Bonds and Guarantees in place	£22.4m
Graven Hill Village Development Company Ltd	Bond and Guarantees agreed in principle	£14.4m
TOTAL		**£53.8m**

B7. Capacity, Skills and Culture

Elected members and statutory officers
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.

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

Investments
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
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.

B8. Investment Indicators

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

Total risk exposure
The first indicator shows the council's total exposure to losses in investment book value (i.e. losses not already recognised on balance sheet) which 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 and the council's high value property assets. These risks are managed by the council operating within the Treasury Management, Capital and Investment Strategies and strict governance arrangements around the council subsidiary Companies.

Table B8.1: Total investment exposure in £ millions

Total investment exposure	31/03/2023 Actual	31/03/2024 Forecast	31/03/2025 Forecast
Treasury management investments*	43.5	13.3	14
Service investments: Loans*	63.4	57.4	57.4
Service investments: Shares	35.7	35.7	35.7
Service investments: Property***	56.7	65.9	80.3
TOTAL INVESTMENTS	**199.3**	**172.3**	**187.4**
Commitments to lend	11.0	17.0	17.0
Bonds & Guarantees in place and agreed in principle	45.4	17.9	11.8
TOTAL INVESTMENT EXPOSURE	**255.7**	**207.2**	**216.2**

**The investment forecast for 2024/25 is as per the MTFS budget and includes a forecast loan necessary for the Council to maintain its professional client status with its providers of financial services. This figure will differ from table 1.3 in the Treasury Management Strategy, as that only takes loans already committed to, into account.*
***Loans as per the investment funded by borrowing (excluding interest income) as per Table B8.2*
****As per the net book value in Table B5.1 for 2022/23 on high value property investments*

How investments are funded
Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate specific assets with specific liabilities, this guidance is difficult to comply with. However, the following investments could be described as funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table B8.2: Investments funded by borrowing in £ millions

Investments funded by borrowing	31/03/2023 Actual	31/03/2024 Forecast	31/03/2025 Forecast
Service investments: Loans	63.4	57.4	57.4
Service investments: Shares	35.6	35.7	35.7
Service investments: Property	156.3	163.7	174.9
Total Funded by Borrowing*	**255.3**	**256.8**	**268.0**

**The total funded by borrowing represents the gross expenditure incurred on these types of investments which form part of the Council's CFR. MRP (see Annex A) made to date on these investments has not been included in this total.*

Rate of return received

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 B8.3: Investment rate of return (net of all costs)

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Treasury management investments	2.1%	5.1%	4.9%
Service investments: Loans	6.3%	6.9%	6.0%
Service investments: Property	1.0%	0.9%	0.9%

Treasury management investments are made to deposit cash balances in facilities that offer security, liquidity and a financial return (in that order of priority). Service loan investments are required to be made at a rate of interest that complies with subsidy control regulations, and whilst financial return is not the primary purpose, may generate a higher return than treasury and property investments. The rate of return on property assets represents the return across property service investments in housing, car parks, property bought with regeneration objectives and other property. The council has invested in local housing projects which generate income at a below market rate, e.g., Affordable Housing, for which the gross capital costs (i.e. not including capital grants and receipts received to finance the spend) on the construction and development have been included in this calculation. It is therefore not unexpected that Property investments may generate a lower return than other forms of investment the council undertakes as set out in this strategy.

Annex A – Annual Minimum Revenue Provision (MRP) Statement

MRP Summary

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 how capital expenditure which has been funded by borrowing is paid for by council taxpayers. 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.

The statutory guidance [1] on MRP outlines 4 ready-made options for calculating prudent provision:

- Option 1 – Regulatory Method
- Option 2 – CFR Method
- Option 3 – Asset Life method a and b
    - Option 3a –*Straight Line*
    - Option 3b –*Annuity*
- Option 4 – Depreciation Method

Options 1 and 2 can only be used for capital expenditure incurred prior to 1 April 2008 (supported capital expenditure). These options are therefore unavailable to the council as it has no supported capital balances within its Capital Financing Requirement (CFR).

MRP Statement

The council is recommended to approve the following statement:

- For unsupported capital expenditure incurred on fixed assets after 31st March 2008 and not acquired under a finance leasing arrangement, MRP will be determined using **option 3b (Annuity method)** of the statutory guidance on MRP starting in the *year after* the asset becomes operational.

- MRP on the acquisition of share capital in a subsidiary company will also be calculated using **option 3b** of the statutory guidance.

- For capital expenditure incurred in the advancing of loans to third parties that are delivering service objectives on behalf of the council, such as subsidiary companies, MRP will be charged at an amount equal to any expected credit losses on the loans recognised in the financial year in accordance with IFRS 9. For service loans with historical credit losses incurred in prior financial years, the council will make a one-off MRP charge in the current financial year to ensure prudent provision is made for the IFRS 9 accounting losses.

- Repayments of loan principal on capital loans will be treated as capital receipts and applied to the capital adjustment account to clear any unfinanced capital spend and reduce the Council’s capital financing requirement.

- Capital expenditure incurred on acquiring assets under finance leases will have an MRP charge made equal to the capital rent payment made to reduce the lease liability in year.

- Capital expenditure incurred in 2024/25 will not be subject to an MRP charge until 2025/26 at the earliest.

For **option 3b,** under statutory guidance:

- “*MRP is the principal element for the year of the annuity required to repay over the asset’s useful life the amount of capital expenditure financed by borrowing or credit arrangements, using an appropriate rate of interest."* In simpler terms, this is equivalent to the MRP charge matching the capital repayment profile of a mortgage or a finance lease arrangement, with payments taking place over the life of the asset and using an appropriate rate of interest to determine the annual amount.

- Adjustments to the calculation to take account of repayment by other methods during repayment period (e.g., by the application of capital receipts) will be made as necessary.

As external debt balances cannot be directly linked to specific capital expenditure (external debt is a Treasury Management function) the council has determined an *appropriate* interest rate to be the Public Works Loans Board (PWLB) rate available for an annuity-based loan, with a repayment lifetime that matches the estimated useful life of the underlying asset. The PWLB rate used is taken from on the PWLB website [2] and will be the rate available on the first working day of the financial year in which the expenditure is incurred.

Indicative annuity rates used in the Council's MRP calculation are shown below which are then further reduced by 0.2% for use in the MRP calculation, in accordance with the borrowing discount available to Local Authorities:

PWLB Borrowing Rates		Loan Term/Asset Life				
Publication Date/Time	***Year***	***10***	***20***	***30***	***40***	***50***
03/04/2023 09:15:48	2023/24	4.49%	4.60%	4.86%	4.89%	4.82%
01/04/2022 12:19:13	2022/23	2.50%	2.69%	2.85%	2.86%	2.80%
01/04/2021 09:08:50	2021/22	1.43%	1.97%	2.28%	2.41%	2.42%
01/04/2020 12:28:08	2020/21	2.13%	2.32%	2.60%	2.76%	2.77%
01/04/2019 12:13:33	2019/20	1.74%	2.09%	2.44%	2.60%	2.59%
03/04/2018 12:15:35	2018/19	2.07%	2.46%	2.67%	2.75%	2.72%
03/04/2017 12:15:31	2017/18	1.49%	2.18%	2.62%	2.80%	2.78%
01/04/2016 12:15:18	2016/17	1.86%	2.59%	3.08%	3.31%	3.32%
01/04/2015 12:15:49	2015/16	2.13%	2.72%	3.08%	3.29%	3.34%
01/04/2014 12:15:51	2014/15	2.96%	3.95%	4.34%	4.47%	4.50%

Change of MRP Approach

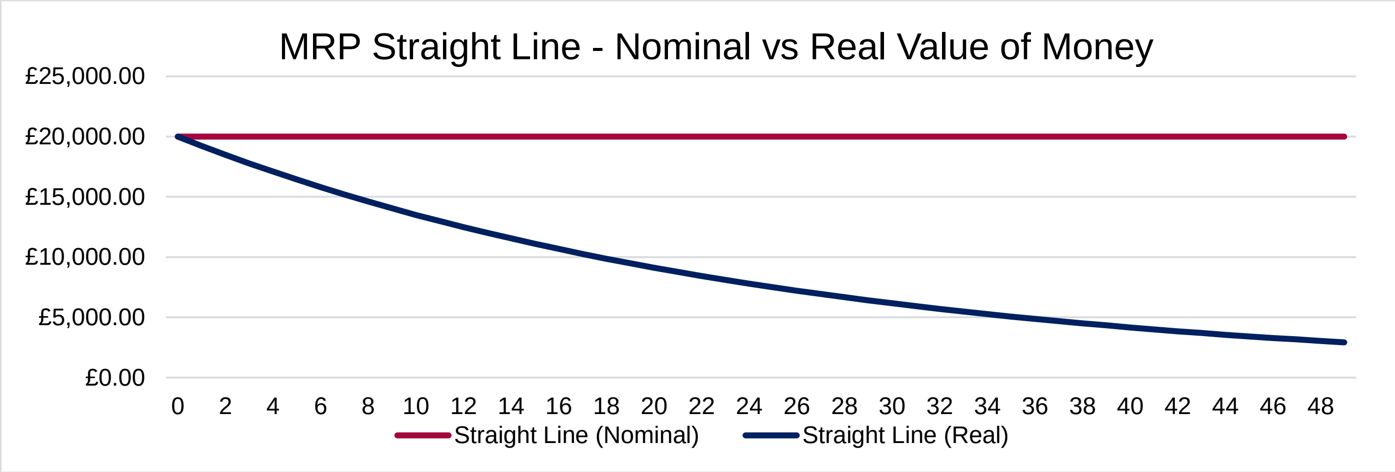
Adopting **option 3b** for fixed asset and share capital expenditure represents a change of approach for the council, having previously adopted a straight-line MRP approach in prior years (option 3a). Under the statutory guidance, where a local authority changes the method(s) that it uses to calculate MRP, it should explain in its Statement, why the change will better allow it to make prudent provision.

The change to annuity based MRP improves the Council's ability to make prudent provision as it helps to distribute MRP more fairly when factoring that the value of money decreases with time due to its earning potential. The current adoption of a straight-line approach means that the real value that future revenue budgets are expected to provide for MRP can be significantly less than the current budget, whilst the assets are delivering the same benefits. The divergence in the real vs nominal value of money therefore creates a divergence in the suitability of a straight-line vs annuity-based approach to MRP, particularly over the medium to long-term. With interest rates and inflation presently much higher than when the council began to generate a CFR (incurring capital spend without capital receipts available to finance the spend), this factor is becoming more prevalent and therefore should be considered in making prudent provision.

Much of the capital the council has outlaid which has increased its CFR has been in the purchase and enhancement of long-term assets that will have an expected lifetime of 50 years or more for the district. These assets include Castle Quay Shopping Centre, Castle Quay Waterfront development and investments in subsidiary companies, such as Graven Hill, that are set to provide long-term economic and innovative housing benefits. Factoring the time value of money into the MRP calculation helps to distribute the cost more fairly to the revenue budget over the lifetimes of the underlying assets resulting from the investments. This ensures that the current revenue budget is not unfairly burdened with costs associated with assets delivering long-term strategic objectives of the council or where economic benefits are expected to be maintained or increase over the life of the assets, benefitting the future as well as the current taxpayer.

For example, if the council spends £1m on purchasing a building with a 50-year useful life, under the straight-line approach, the council will charge £20,000 annually in MRP. However, where interest rates are expected to remain around 4% on average over that period (as an illustration), the real value of the MRP decreases across the life of the asset, meaning that future revenue budgets pay proportionally less in MRP compared to the current budget. This is depicted in the figure below:

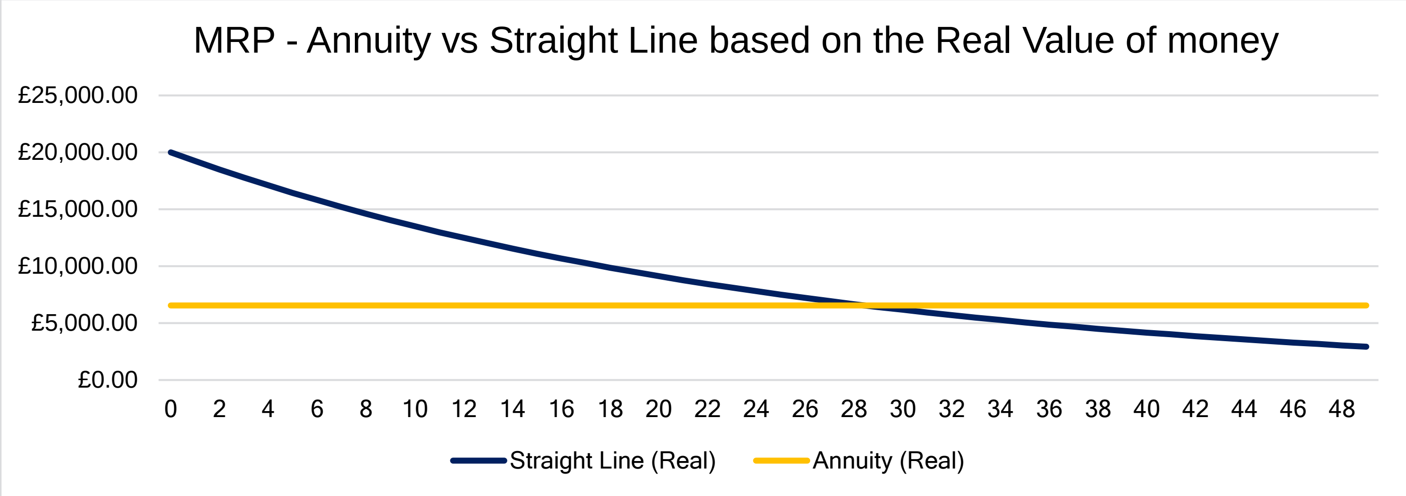
Figure M1: MRP Straight Line comparison between the real and nominal value of money



The time value of money means that an MRP charge of £20,000 in fifty years would be around £3,000 in today's terms. The annuity method seeks to combat this effect by ensuring an even spread of MRP with the time value of money factored in. Whilst the nominal value increases with time, the real value of the MRP will remain proportionate to the value of money at the time the charge is made, essentially making the MRP charge constant in real terms.

Below is a profile of MRP on an annuity basis for the same scenario, demonstrating that using the annuity method factoring the time value of money, results in a straight-line MRP charge in real terms:

Figure M2: Annuity vs Straight Line MRP based on the real value of money



Conclusions

By adopting an annuity based MRP approach for fixed asset and share capital expenditure service benefits, the council will:

- Factor in the time value of money into its MRP calculation;
- More fairly distribute MRP across the underlying lifetime of the assets invested in, and;
- Better allow a prudent MRP charge to revenue to be made.

Future MRP Considerations

The council recognises that the interest rates and inflation determine the time value of money and are likely to fluctuate over the lifetime of MRP for long-term assets. As such, the council will review the suitability of the annuity based method annually to ensure it remains appropriate. If interest rates decrease significantly, the current annuity model may no longer be the most appropriate methodology.

[1] – Statutory Guidance on Minimum Revenue Provision
https://assets.publishing.service.gov.uk/media/5a7451d9ed915d0e8bf188f4/Statutory_guidance_on_minimum_revenue_provision.pdf

[2] – PWLB Lending Facility Rates
https://www.dmo.gov.uk/responsibilities/local-authority-lending/historical-interest-rates/

Treasury Management Strategy Statement 2024/2025

Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Index

1. Introduction

The council is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially before considering investment return.

The other main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

Treasury management
Arising from the council's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return
Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. A council must not borrow to invest primarily for financial return.

Investments held for service or commercial purposes are considered in the Capital and Investment Strategy and should be read in conjunction with this strategy.

1.1 Implementations required due to the revised Treasury Management Code

1.1.1 CIPFA published the revised Treasury Management Code and Prudential Code on 20th December 2021. The revised Treasury Management Code requires the council to have implemented the following:

a.) **Reporting requirements** include quarterly reporting to the Accounts, Audit and Risk Committee (AARC) with the Annual Performance Report (usually published in May) and Mid- year Review (usually published in November) also being presented to full council.

b.) Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council.

c.) **Environmental, social and governance (ESG).** The council's strategy is to have regard to the Environmental, Social and Governance ("ESG") risks presented by its Counterparties. The Treasury function will favour any counterparty that offers 'green' investments as long as all investment criteria as laid out in this strategy are met.

It is important to note that excluding any one counterparty, on social norms or standards, will likely mean others will similarly have to be avoided and thus impact the council's capacity to mitigate risk through diversification.

1.1.2 The council employs Link Treasury Services Limited as its external treasury management advisor. However, responsibility for treasury management decisions remains with the council at all times. The latest economic background, credit outlook and interest rate forecast provided by Link is attached at the end of this report.

1.2 Treasury Management Portfolio

1.2.1 The overall treasury management portfolio as at 31.3.23 and for the forecast position as at 31.03.24 are shown below for both borrowing and investments.

Table 1: Overall treasury management portfolio

TREASURY PORTFOLIO				
	actual 31.3.23	actual 31.3.23	forecast 31.3.24	forecast 31.3.24
Treasury investments	£000	%	£000	%
Banks	12,000	28%	0	0%
Building societies - unrated	0	0%	0	0%
Building societies - rated	0	0%	0	0%
Local authorities	23,000	53%	3,000	23%
DMADF (H.M.Treasury)	0	0%	0	0%
Money Market Funds	8,520	20%	10,300	77%
Certificates of Deposit	0	0%	0	0%
Total managed in house	**43,520**	**100%**	**13,300**	**100%**
Bond Funds	0	0%	0	0%
Property Funds	0	0%	0	0%
Total managed externally	**0**	**0%**	**0**	**0%**
Total treasury investments	**43,520**	**100%**	**13,300**	**100%**
Treasury external borrowing				
Local Authorities	22,000	12%	15,000	8%
PWLB	166,000	88%	166,000	92%
LOBOs	0	0%	0	0%
Total external borrowing	**188,000**	**100%**	**181,000**	**100%**
Net treasury investments / (borrowing)	**(144,480)**	**0**	**(167,700)**	**0**

1.3 Balance sheet summary and forecast

1.3.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The council’s current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

1.3.2 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the council expects to comply with this recommendation.

Table 2: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	238.60	246.10	255.83	248.70	246.38
Less: External borrowing **	188.00	181.00	145.00	139.00	133.00
Less: Service Loans and lease liability	1.56	0.00	0.00	0.00	0.00
Internal/(over) borrowing	**49.04**	**65.10**	**110.83**	**109.70**	**113.38**
Usable reserves	33.02	41.56	36.75	37.41	38.58
Working capital	38.40	36.84	36.84	36.84	36.84
Usable reserves and working capital less internal borrowing equals **Investments or (New borrowing required)**	**22.38**	**13.30**	**(37.24)**	**(35.45)**	**(37.96)**

*** shows only loans to which the council is currently committed. Therefore 'New Borrowing' includes some refinancing of existing debt. In 24/25 loans to the value of £36m are maturing.*

1.4 Liability Benchmark

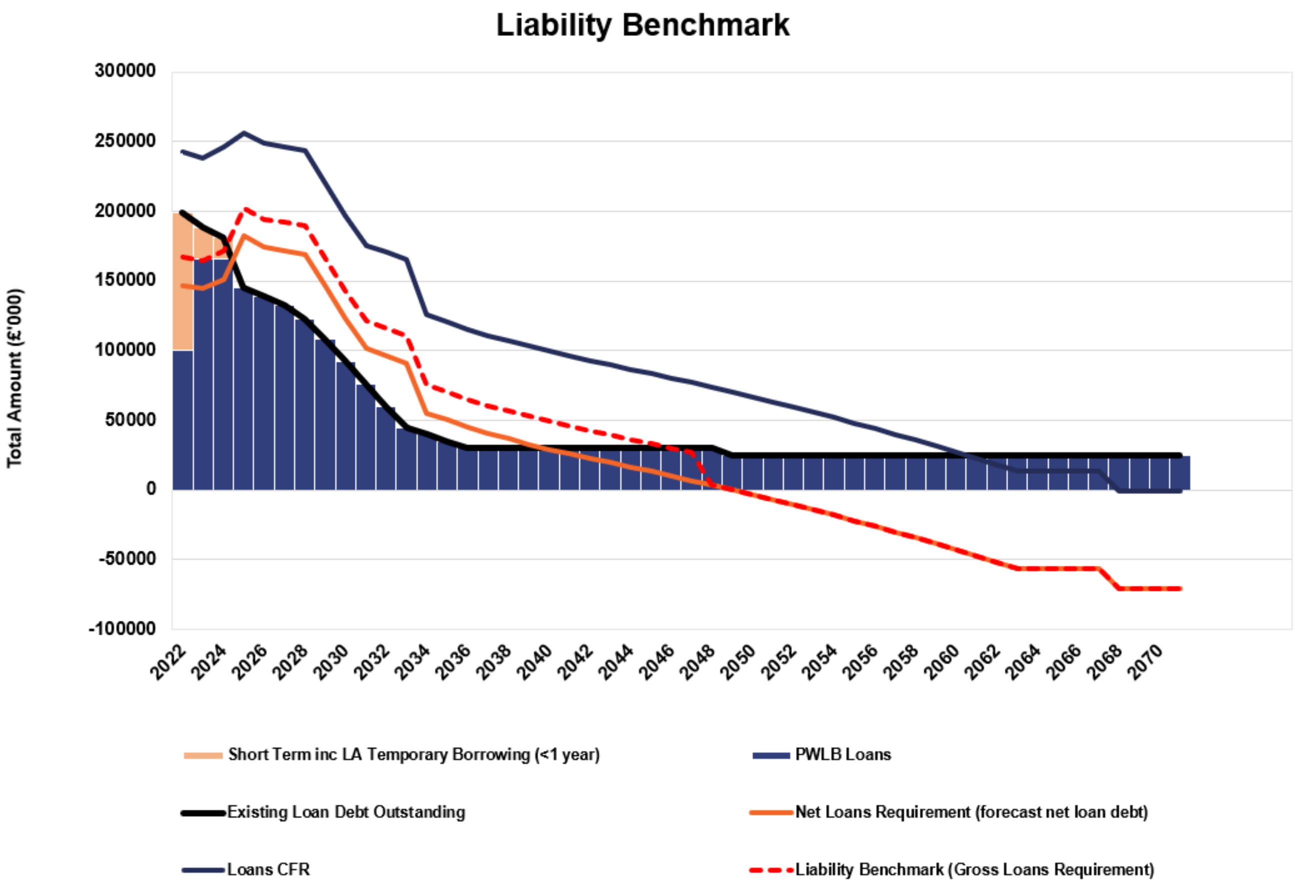
1.4.1 The council is pleased to include the Liability Benchmark (LB) as a prudential indicator for 2023/24 in this report. The council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

1.4.2 There are four components to the LB:

a.) **Existing loan debt outstanding**: the council's existing loans that are still outstanding in future years.
b.) **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Minimum Revenue Provision (MRP.)
c.) **Net loans requirement**: this will show the council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

d.) **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

Table 3: Liability Benchmark



1.4.3 This graph is based only on approved activities in the current and proposed capital programme and it therefore assumes there are no future capital investments. This graph is not a forecast but a snapshot of the council's current commitments and loans. The difference between net loan requirement and loans CFR is made up of internal borrowing.

1.4.4 The LB graph above demonstrates that the council is in an under borrowed position until 2044. Using the current data available the CFR may be nil by 2068 and the estimated internal borrowing currently used to finance the CFR can be invested as the CFR reduces.

1.5 General Balances & Reserves and Expected Investment Balances

1.5.1 Internal borrowing is possible because of the council's General Balances and reserves as laid out in the table below. These funds can be used to finance capital expenditure or other budget decisions to support the revenue budget, but it is important that there is enough liquidity to ensure that should the funds be called upon that the council would not be forced to borrow in an unfavourable position.

1.5.2 The other component within this table is working Capital which is made up of a combination of debtors, creditors, long term liabilities and non-capital deferred credits / receipts.

1.5.3 Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 4: General Balances & Reserves and Expected Investment Balances

Year End Resources £m	**2022/23 Actual**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**
Collection Fund Adjustment Account	**(5.31)**	**(0.38)**	0.00	0.00	0.00
General Balances	6.15	6.15	6.15	6.15	6.15
Earmarked Reserves	20.62	26.71	25.67	26.33	27.51
Revenue Grants	3.51	2.03	1.13	1.13	1.12
Capital Reserves	8.05	7.05	3.80	3.80	3.80
Usable reserves	**33.02**	**41.56**	**36.75**	**37.41**	**38.58**
Working capital*	38.40	36.84	36.84	36.84	36.84
Internal/(over) borrowing	49.04	65.10	110.83	109.70	113.38
Usable reserves and working capital less internal borrowing equals **Expected investments / (borrowing)**	**22.38**	**13.30**	**(37.24)**	**(35.45)**	**(37.96)**

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

1.6 Treasury Management Indicators

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

1.6.1 **Interest rate exposures for both borrowing and investing**: This indicator is set to control the council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The upper limits on the one-year revenue impact of a 1% rise or a 0.75% fall in interest rates will be:

Table 5: Interest rate exposures for both borrowing and investing in 24/25

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates*	± £ 10,000 per £m
Upper limit on one-year revenue impact of a 0.75% fall in interest rates**	- £ 105,000 +£ 75,000

**This year there is very little interest rate risk as maturing loans have already been refinanced. The interest rate exposure risk would only be applicable to new loans made for Capital purposes beyond the proposed capital programme. The revenue impact per £m would be a cost for new loans while it could also be an increase in revenue for investments.*

*** The loss of revenue has been calculated based on a 0.75% decrease in the interest rate for the investment forecast for 2024/25 in the budget. There is also an opportunity to save on borrowing should the interest rate fall. As most of the council's borrowing is already fixed this would only impact on new loans in the 2024/25 budget.*

1.6.2 **Maturity structure of borrowing**: The council monitors its exposure to refinancing risk with the maturity structure of borrowing indicator. The practice of setting a 'maturity structure of borrowing' aims to profile the maturity dates of borrowing so that loans don't all mature at once as this exposes the council to refinancing risk. As an example, if all of the council's loans had matured in the last 6 months, the council would have been forced to refinance at the highest rates the market had seen in years. Instead, the council's loan maturity dates are spread out. Even if rates are still high when the council needs to refinance some of the first loans in the portfolio to mature, at least the council is only exposed to the higher interest rates on those loans, and not all loans. The upper and lower limits on the maturity structure of borrowing will be as per Table 6 below:

Table 6: Maturity structure of borrowing limits in 24/25

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	70%	0%
10 years and above	80%	0%

1.6.3 The upper limit should always be reviewed in line with the Liability benchmark to ensure that refinancing risk is mitigated. While it is important to have flexibility to navigate changing market conditions is it critical that loan repayments and spread appropriately. The lower limit has been considered but kept at zero to ensure that the council is not forced into taking borrowings in a particular category that would lock us into an unfavourable borrowing situation. The council feels that having no set lower limit gives officers the best flexibility to react to the economic climate. For example, if a lower limit for 10-year borrowing was set it may force the council to take out loans of that term when rates are high, rather than the council's preferred strategy of borrowing for shorter periods (still spread out) until rates begin to settle at the level the council's advisors believe will be the new "normal".

1.6.4 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper and lower limits as shown above provide the scope to accommodate new loan(s) in the most appropriate maturity band at the time of borrowing.

1.6.5 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end. The council is asked to approve the following treasury indicator and limit:

Table 7: Long term borrowing limits

	2023/24	2024/25	2025/26
Upper limit for principal sums invested for longer than 365 days	£5m	£5m	£5m
Current investments as at 31.12.2023 in excess of 1 year maturing in each year	Nil	Nil	Nil

1.7 Financial implication of the 24/25 Treasury budget

1.7.1 The budget for treasury investment income in 2024/25 is £0.701m, based on an average investment portfolio of £14m at an average interest rate of 5%. This is an increase from the £0.505m budgeted for in 2023/24, based on an average investment portfolio of £12m at an average interest rate of 4.30%.

1.7.2 The budget for committed debt interest payable in 2024/25 is £4.782m, based on an average debt portfolio of £187m at an average interest rate of 2.52%. This is also an increase from the 2023/24 budget of £3.819m, based on an average debt portfolio of £171m an average interest rate of 2.46%.

1.7.3 If actual levels of investments and borrowing, or interest rates, differ from those forecasts, performance against budget will be correspondingly different.

2 Borrowing

2.1 Borrowing Strategy

2.1.1 The council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure (as detailed in table 4.) This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels in the summer of 2024.

2.1.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The S151 Officer, using information supplied by the council's Treasury Advisors, will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances for example:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates,* then long term borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

2.1.3 Any significant decisions made by the S151 officer will be reported to the Accounts, Audit and Risk Committee (AARC) at the next available opportunity. In addition, the council may borrow further short-term loans to cover unplanned cash flow shortages.

2.1.4 **Forecast of borrowing rates:** It is expected that the Bank of England base rate will become more stable and slowly reduce from its current forecast rate of 5.25% in March 2024 to 3.00% by March 2026.

2.2 Approved Sources of Long and Short-term Borrowing

	Fixed	**Variable**
Public Works Loan Board (PWLB) and any successor body	●	●
Any other UK public sector body e.g., other councils	●	●
Any other bank or building society authorised to operate in the UK	●	●
Any institution approved for investments (see below)	●	●
UK private and public sector pension funds	●	●
(except Oxfordshire County Council Pension Fund)		
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Overdraft	●	
Internal borrowing (capital receipts & revenue balances)	●	

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

	Fixed	**Variable**
Finance Leases	●	●
Hire purchase	●	●
Private Finance Initiative	●	●

2.3 Policy on Borrowing in Advance of Need

2.3.1 The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be taken in consideration of the forecast Capital Financing Requirement, forecast interest rate changes, and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of investing such funds.

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

2.4 Debt Rescheduling

2.4.1 As the council's PWLB loan portfolio has an average interest rate of 2.18% the PWLB would currently reward early repayment due to the discount rates on offer. For example, if the council repaid the £25m loan maturing in 2071 the PWLB would offer a 4.06% discount rate which would equate to £12.5m discount. However, a statutory override would require any discount to be amortised to revenue over 10 years, which reduces the initial revenue benefit. In addition, the council is currently in an under borrowed position and premature repayment would be problematic as loans at higher rates would need to be taken and this would create additional revenue cost. The option to reschedule existing loans will be reviewed on a regular basis and any decision making would be supported by a net present value appraisal, which would provide expected whole life net General Fund benefit.

2.4.2 If any loan rescheduling is to be undertaken, it will be reported to the Accounts, Audit and Risk Committee, at the earliest meeting following its action.

3 Investing

3.1 Investment strategy

3.1.1 The council's investment priorities will be **security first, portfolio liquidity second and then yield (return).** The council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the council's risk appetite.

3.1.2 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

3.1.3 This council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

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

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

c.) **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 3.1 (Table 8.)

d.) **Transaction limits** are set for each type of investment in 3.2 (Table 9.)

e.) This council will set a limit for its investments which are invested for **longer than 365 days**, (see point 1.6 Treasury Management indicators).

f.) All investments will be denominated in **sterling**.

g.) As a result of the change in accounting standards for 2022/23 under IFRS 9, this council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

h.) However, this council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Monthly monitoring of investment performance will be carried out during the year.

The above criteria are *unchanged* from last year.

3.2 Approved counterparties

3.2.1 The council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Table 8: Approved investment counterparties and limits

Credit rating	**Banks unsecured**	**Banks secured**	**Government**	**Corporates**	**Registered Providers**
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3m 5 years	£3m 20 years	£5m 50 years	£3m 20 years	£3m 20 years
AA+	£3m 5 years	£3m 10 years	£5m 25 years	£3m 10 years	£3m 10 years
AA	£3 m 4 years	£3m 5 years	£5m 15 years	£3m 5 years	£3m 10 years
AA-	£3m 3 years	£3m 4 years	£5m 10 years	£3m 4 years	£3m 10 years
A+	£3m 2 years	£3m 3 years	£5m 5 years	£3m 3 years	£3m 5 years
A	£3m 13 months	£3m 2 years	£5m 5 years	£3m 2 years	£3m 5 years
A-	£3m 6 months	£3m 13 months	£5m 5 years	£3m 13 months	£3m 5 years
None*	None	None	£5m 2 years	None	None
Pooled funds		£5m per fund or trust			

** Any other UK public sector body e.g. other councils*

This table must be read in conjunction with the notes below:

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

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

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and councils and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

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

Financial Derivatives: The council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the council is exposed to. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Operational bank accounts: The council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £50,000 per bank wherever possible e.g. except for overnight balances where funds are received during the day and it is too late to transfer to another counterparty. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the council maintaining operational continuity.

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

- no new investments will be made until it improves sufficiently to meet our minimum criteria ,
- consideration of risk of default of existing investments and whether they can be recalled or sold at no cost will be made, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

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

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

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other councils. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits: In order that the council's revenue reserves available to cover investment losses are not put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

3.3 Investment limits

3.3.1 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Assistant Director of Finance (S151 Officer) and staff, who must act in line with the treasury management strategy approved by council. Reports on treasury management activity are presented to the Accounts, Audit & Risk Committee. The Accounts, Audit & Risk Committee is responsible for scrutinising treasury management decisions.

3.3.2 To reduce risk, investment limits have been set, as laid out in Table 9 below.

Table 9: Monetary limit for investment types

	Investment limit
UK Central Government	Unlimited
Any single organisation, including UK public sector body e.g. other councils	£5m each
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£3m per broker
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£5m in total
Money market funds	£15m in total
Real estate investment trusts	£5m in total

3.4 <u>Related Matters</u>

3.4.1 **Markets in Financial Instruments Directive (MiFID II)**: The council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the council's treasury management activities, the Assistant Director of Finance (S151 Officer) believes this to be the most appropriate status.

3.4.2 This requires the council to have a minimum investment balance £10 million and the person making investment decisions on behalf of the council to have at least one year's relevant professional experience. Investments as well as cash deposits are count towards meeting the £10 million threshold.

3.4.3 **General Data Protection Regulation 2018:** Relationships with external providers covered by the Treasury management Practices are governed by and operated in accordance with the act.

4 Appendices

4.1 Economic Commentary from the Link Group 31/12/2023

- The third quarter of 2023/24 saw:

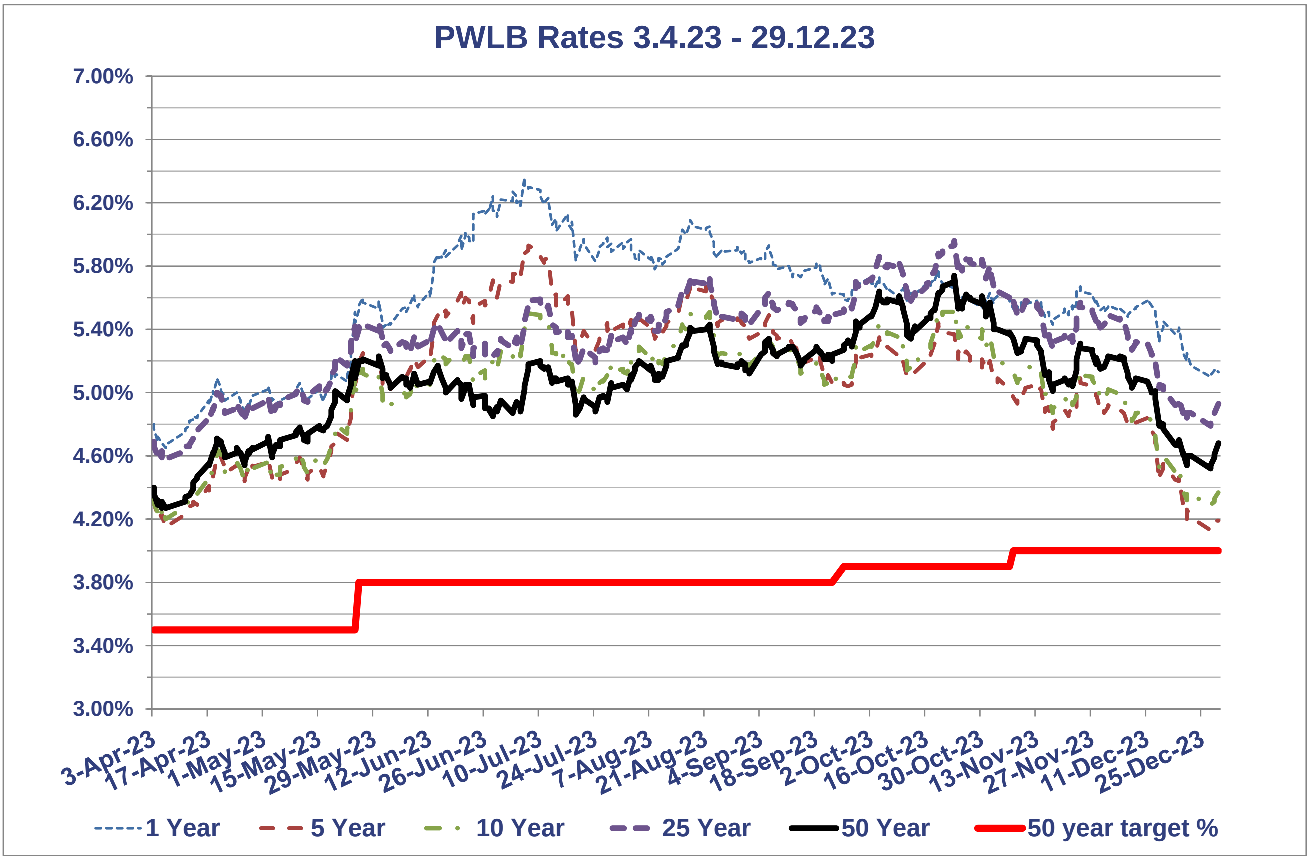
  - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
  - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS "experimental" rate of unemployment has remained low at 4.2%;
  - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
  - Core CPI inflation decreasing from April and May's 31 years' high of 7.1% to 5.1% in November, the lowest rate since January 2022;
  - The Bank of England holding rates at 5.25% in November and December;
  - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.

- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

PWLB RATES 3.4.23 - 29.12.23



MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.

- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.

- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

4.2 Link Interest rate forecasts - Quarter Ended 31st December 2023

The council has appointed Link Group as its treasury advisors and part of their service is to assist the council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most councils since 1st November 2012.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

Link Group Interest Rate View	26.06.23												
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

Link Group Interest Rate View	24.05.23												
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

Link Group Interest Rate View	27.03.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by councils for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 7th November and reflected a view that the MPC would be keen to underpin its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are unequivocally supportive of such a move, and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months.

- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

- On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing a little better at this stage of the economic cycle than may have been expected. Nonetheless, with approximately 400,000 households per quarter facing a mortgage interest reset at higher levels than their current rate, the economy will face on-going headwinds from that source, in addition to lower income households having to spend disproportionately on essentials such as food, energy and rent payments.

4.3 **Glossary of terms**

Counterparties - an opposite party in a contract or financial transaction. This may include the central Government, councils, Banks and Building societies to name a few.

Cost of Carry - The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

Debt Rescheduling - A change in the terms of outstanding loans. The rescheduling can take the form of an entirely new loan, or it could mean repaying the debt early for a discount if the current market rates are higher than the fixed interest on the loan.

General Balances and Reserves – The General balance has been created by keeping aside surplus funds during the course of an accounting period to meet contingencies or offset future losses. Reserves however are created for a specific purpose. This may be funds that have been received and earmarked for a specific purpose in the future.

Internal Borrowing – Instead of taking external loans to fund activities such as Capital expenditure, the council may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

Laddering – is an investment technique that requires investors to purchase multiple financial products with different maturity dates. The aim is to produce steady cash flow by deliberately planning investments.

Liability Benchmark – demonstrates how a council's existing debt maturity profile and other cash flows affect their future debt requirement. Its aim is to show whether the council is in an over-borrowed position (existing debt maturity profile is greater than their forecast debt requirement) or an under-borrowed position (existing debt maturity profile is less than their forecast debt requirement.) In monitoring this position the council can aim to secure interest rates at the acceptable rates and manage interest payable costs.

Appendix 14

DOCUMENT CONTROL

Organisation(s)	Cherwell District Council (CDC)
Policy title	Reserves Policy
Owner	Finance
Date of implementation	February 2020

DOCUMENT APPROVALS

This document requires the following committee approvals:

Committee	**Date of meeting pending approval**
Executive	05 July 2023

DOCUMENT DISTRIBUTION

This document will be available on the Finance intranet page.

DATE FOR REVIEW

No later than 31 March annually but sooner if required.

REVISION HISTORY

Version	**Revision date**	**Summary of revision**
2.0	05 July 2023	Addition of section 6.2

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. <u>General Balances</u>

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 purpose[1]. 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.

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[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 statue. 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

6.2 The current trend for external audits to extend beyond the end of the next financial accounting year can result in changes to the accounts which could have an impact on useable reserves. Therefore, for changes to and from useable reserves which come about as a result of external audit following the submission of the annual outturn report, the Section 151 Officer will have delegated authority, in consultation with the Portfolio Holder for Finance, to manage the impact on useable reserves of such changes to ensure the long-term resilience of the Council. Any such changes made under this delegated power will be reported to the Executive when the audit is complete.

Appendix 9

Cherwell District Council
Pay Policy Statement

This policy statement will be subject to review annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective. It is effective from 1st April 2024

TABLE OF CONTENTS

1. Introduction, Overview and Purpose

Under Section 112 of the Local Government Act 1992, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38-43 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013 and guidance issued under the Local Government Transparency Code 2015.

The purpose of this statement is to provide transparency with regard to the Council's approach to setting the pay of its employees, excluding employees working in alternative service delivery models.

Thus, this statement details the methods by which salaries for all roles are determined, and the detail and the level of remuneration of its most senior employees. This statement will be published on the Council's public website and will be available in other formats upon request.

Procedural and approval requirements set down in the Council's Constitution will be applied as required.

In determining the pay and remuneration of all its employees, the Council takes account of the need to ensure value for money in respect of the use of public expenditure.

The Council develops and implements reward systems and structures which meet the following requirements:

- Allow the Council to recruit and retain high calibre employees to provide high quality services
- Maintain levels of pay which are in line with the Council's financial policies and provide value for money
- Are open, transparent and accountable
- Are fair and consistent

Once approved, this policy statement will come into effect on the 1st April 2024 superseding the 2023/24 statement and will continue to be reviewed on an annual basis.

2. Definitions

To support the transparency of the Pay Policy Statement, below are definitions for common words/phrases that are used throughout.

2.1. Remuneration

For the purposes of this statement remuneration includes three elements – basic salary, pension and all other allowances arising from employment.

2.2. Chief Officers

The definition of Chief Officers is defined as the officer designated as the Head of the Authority's Paid Service; a statutory chief officer – which under the Local Government and Housing Act 1989 means the Section 151 Officer and Monitoring Officer.

The definition of a non-statutory Chief Officer which under section 2 (7) of the 1989 Act means direct reports of the Head of Paid Service (HOPS), a person in a senior level position, for whom the HOPS is directly responsible; a person who, as respects all or most of the duties of his/her post, is required to report directly or is directly accountable to the HOPS; and any person who, as respects all or most of the duties of his/her post, is required to report directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority.

In the case of the Council these posts are:

- Chief Executive (Head of Paid Service)

Statutory Chief Officers

- Assistant Director of Finance and Section 151 Officer
- Assistant Director of Law and Governance and Monitoring Officer

Non-Statutory Chief Officers

- Corporate Director of Communities
- Corporate Director of Resources

2.3. Lowest Paid Employees

According to the pay scales, the lowest pay employees receive is on Grade A, Scale Point 3 which is the lowest standard pay point. The salary on this grade is currently payable to staff carrying out cleaning roles. Lowest paid employees exclude apprentices due to their trainee status and exclude staff who may have transferred into the Council under TUPE protected rates.

2.4. Pay Multiples

The pay multiples is the relationship between two different pay amounts, showing the number of times one value is contained within another value. The relationships will be shown between:

- the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and cash value of any benefits in kind) and the lowest paid taxable earnings.
- the highest paid taxable earnings (including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind) and the median earnings figure of the whole workforce.
- the average median salary of Chief Officers and the median earnings figure of the whole workforce.

3. Pay Strategy

We undertake a review of the remuneration of all staff each year, taking into consideration hourly pay rates and other significant benefits such as annual leave entitlement (benchmarked), employer pension contributions, and training and development opportunities and a flexible approach to agile working. We believe that taking a holistic view to remuneration ensures that our staff are rewarded fairly and encourages us all to think of total reward packages rather than a single component such as base pay.

Our lowest hourly rate is currently £10.67 which is 6.7% below the April 2024 rates for UK Living Wage of £11.44. Hourly rates for grade A and the first spine point of grade B will be uplifted to £11.44 to reflect the national living wage, pending a cost-of-living review for 2024/25. The cost-of-living award will be applied to the original pay rates, not the national living wage rate. If the cost-of-living award means these hourly rates do not exceed the national living wage rate, then this rate would still apply. A copy of the pay rates is at appendix 1.

4. Pay Design

There is a single pay scale in operation at the Council. This was developed in 2018 by external reward specialists as part of a harmonisation process and in conjunction with a review of the job evaluation schemes in use. The harmonisation process was subject to a full consultation process with the trade unions.

The Council ensures that all pay arrangements can be objectively justified through the use of Job Evaluation methods. These are:

- Greater London Provincial Council (GLPC) scheme for roles that score under 560 points when evaluated.

- Roles that score 560 points and above are subject to HAY evaluation.

Grading structures for all groups of employees are implemented in line with agreed published pay scales and agreed relevant local terms and conditions of employment where applicable.

5. Appointments

The Personnel Committee is the appointing body for appointments to the role of Head of Paid Service.

The statutory role of s151 officer is held by the Assistant Director of Finance and the Monitoring Officer held by the Assistant Director of Law and Governance. The Head of Paid Service can appoint to Assistant Director level roles, subject to ratification of Executive members but Full Council ratify appointments of statutory officers.

The Personnel Committee is the appointing body for non-statutory Chief Officers.

The Executive consultation procedure is utilised as required by regulations for Chief Officer posts and Assistant Director roles. Information relating to Chief Officer roles and direct reports can be found at appendix 2.

Post	**Regulatory Description**	**Appointment under Constitution**
Head of Paid Service	Head of Paid Service	Personnel Committee with recommendation to Full Council
(s151 Officer) Assistant Director of Finance	Statutory Chief Officer	Head of Paid Service for the appointment of Assistant Director role, ratified by Executive members, with Full Council appointing to s151 Officer
(Monitoring Officer) Assistant Director of Law and Governance	Statutory Chief Officer	Head of Paid Service for the appointment of Assistant Director role, ratified by Executive members, with Full Council appointing to Monitoring Officer
Corporate Director of Communities	Non-statutory Chief Officer	Personnel Committee, ratified by Executive members
Corporate Director of Resources	Non-statutory Chief Officer	Personnel Committee, ratified by Executive members

Any pay or grading changes for Chief Officers are considered and, if agreed, approved by the Personnel Committee.

6. Pay Structures

6.1. Pay Grades and Progression

Most jobs have a grade with at least four and a maximum of five incremental points. When an employee is appointed to a new role it is typically at the bottom of the grade, unless they have significant experience in a similar role.

Annually and usually with effect from 1st April, pay awards are implemented following local negotiation with the trade unions and are broadly in line with national recommendations.

Employees also progress to the next incremental point within their pay scale on the 1 April following their completion of a full years' service. This system recognises their increasing experience and performance progression continues until they reach the top of the grade.

6.2. High levels of performance are expected from all employees and where standards are not satisfactory, prompt managerial action will be taken to improve performance. Increments may be withheld as a result of these actions arising from disciplinary or capability situations.

From time to time it may be necessary to pay special allowances or supplements to individual employees as part of their employment contract where specific circumstances require this and where it can be justified in accordance with Council policies. The Council uses the following:

- Honoraria are paid where an employee has taken on additional duties and responsibilities for a defined period, for example covering a vacancy due to maternity leave or other staff absence.

The Council will ensure that the requirement for additional allowances or supplements is objectively justified by reference to clear and transparent evidence.

Pay Supplements are subject to reviews as appropriate in accordance with agreed procedures.

7. Other Employment Related Arrangements

7.1. Local Government Pension Scheme (LGPS)

Subject to qualifying conditions, employees have a right to belong to the LGPS.

The Employee contribution rates which are defined by statute, currently range between 5.5% and 12.5% of pensionable pay depending on actual salary levels.

The Employer contribution rates are set by actuaries and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current average rate is 15.9% based on making an upfront payment of £5.7m to cover a 3-year period until 2025/26.

7.2. Benefits Schemes

As part of the Reward Strategy to recruit and retain high calibre employees, the Council provides a wide range of benefits including the Cycle Scheme and Childcare Voucher salary sacrifice schemes and will soon introduce the Electric Vehicle salary sacrifice scheme.

A full review of the benefits offered by the council is continuing in 2024.

7.3. Expenses

Subsistence and out of pocket expenses are based on national joint council rates. Car mileage is based on the HM Revenue & Customs approved rate, currently 45 pence per mile falling to 25 pence, for miles travelled in excess of 10,000 per annum.

8. Pay Arrangements for Senior Management

The Council does not apply any bonuses or performance related pay to its Chief Officers.

The Assistant Director of Finance and Section 151 Officer and the Assistant Director of Legal and Democratic and Monitoring Officer each receive an allowance for statutory duties of £12,465.60 per annum.

Where Officers receive fees for undertaking elections duties, these will be shown separately to salary. Election fees are reviewed by the Returning Officer.

9. Pay Multiples and Medians as at 1st April 2024

Cherwell District Council is required to report on the pay multiples between its lowest and highest paid members of staff.

Table 1 shows the ratio between the lowest paid and the highest paid and the ratio between the median salary of the workforce and the highest paid.

Pay Multiples	**2024/2025**
Highest Paid - Chief Executive	£150,000
Lowest Paid	£22,071
Pay Multiple between the lowest paid and the highest paid	6.8:1
Median Salary	£52,380
Pay Multiple between median and highest paid	2.9:1

Table 2 shows the ratio between the median salary of the workforce and the average salary of its Chief Officers.

Pay Multiples using the average salary of Chief Officers	**2024/25**
Average Salary of Chief Officers	£108,906
Lowest Paid	£22,071
Pay Multiple between the lowest paid and the Average Salary of Chief Officers	4.9:1
Median Salary	£52,380
Pay Multiple between Median salary and Average salary of Chief Officers	2.1:1

10. Payments on Termination of Employment

The Cherwell District Council Redundancy Scheme applies to all employees and is one week's statutory entitlement based on actual pay per year of service for employees under the age of 41 years and one and half week's statutory entitlement based on actual pay for those aged 41 years and above where redundancy payments are due. A maximum of 20 years' service can be taken into account for redundancy payments.

All employees who have received a redundancy payment in relation to the termination of their contracts of employment will be subject to the provisions of the Redundancy Modification Order and will be subject to Local Government Pension Scheme (LGPS) Regulations.

Where severance payments are appropriate such payments will be approved by the Monitoring Officer, Assistant Director of Finance (s151) and Head of Paid Service and will be the subject of a Settlement Agreement for the purpose of compromising any compensation for which the Council may otherwise be legally liable. Severance payments will be discussed with legal advisors and a 'Best Value' note obtained based on the merits of the individual case.

11. Publication of Senior Salaries Statement

In accordance with publication requirements, a table showing information on the pay of all officers earning over £50,000 per annum will be published on the Council's website. All allowances and other payments will also be shown, as well as services and functions each role is responsible for, inclusive of budget held and number of staff managed.

Claire Cox
Assistant Director of Human Resources
January 2024

Appendix 1 - Cherwell District Council Pay Scales

Pay structure is effective as at 1 April 2023 – please note that at the time of statement publication, cost of living pay negotiations for 2024/25 have not taken place.

CHERWELL DISTRICT COUNCIL PAY SCALES - 2023/24

Grade	Levels	Annual Pay	Hourly rate
Grade A	1*	£20,590.50	£10.67
	2*	£21,337.00	£11.06
	3*	£21,549.00	£11.17
Grade B	1*	£21,549.00	£11.17
	2	£22,149.00	£11.48
	3	£22,749.00	£11.79
	4	£23,348.50	£12.10
	5	£23,949.00	£12.41
Grade C	1	£23,949.00	£12.41
	2	£24,548.50	£12.72
	3	£25,148.50	£13.04
	4	£25,748.00	£13.35
	5	£26,348.00	£13.66
Grade D	1	£26,348.00	£13.66
	2	£26,948.50	£13.97
	3	£27,548.50	£14.28
	4	£28,148.00	£14.59
	5	£28,748.00	£14.90
Grade E	1	£28,748.00	£14.90
	2	£29,348.50	£15.21
	3	£29,948.00	£15.52
	4	£30,547.50	£15.83
	5	£31,147.50	£16.14
Grade F	1	£31,147.50	£16.14
	2	£32,348.00	£16.77
	3	£33,547.50	£17.39
	4	£34,447.00	£17.85
	5	£35,647.00	£18.48
Grade G	1	£35,647.00	£18.48
	2	£36,847.00	£19.10
	3	£38,047.00	£19.72
	4	£39,247.50	£20.34
	5	£40,446.50	£20.96
Grade H	1	£40,446.50	£20.96
	2	£41,646.50	£21.59
	3	£42,846.50	£22.21
	4	£44,046.50	£22.83
	5	£45,245.50	£23.45
Grade I	1	£45,245.50	£23.45
	2	£46,446.00	£24.07
	3	£47,645.50	£24.70
	4	£48,846.00	£25.32
	5	£50,046.00	£25.94

*With effect from 01/04/2024, salaries for Grade A, spine points 1 to 3 and Grade B spine point 1, will be uplifted to £11.44 per hour (£22,071 full-time annual salary) reflect national living wage, pending pay award negotiations for 2024/25.

Grade	Levels	Annual Pay Rate	Hourly rate
Grade J	1	£52,380.45	£27.15
	2	£53,224.48	£27.59
	3	£54,067.98	£28.02
	4	£54,912.01	£28.46
	5	£55,756.03	£28.90
Grade K	1	£55,756.03	£28.90
	2	£56,806.26	£29.44
	3	£57,857.00	£29.99
	4	£58,908.27	£30.53
	5	£59,959.54	£31.08
Grade L	1	£59,959.54	£31.08
	2	£60,978.08	£31.61
	3	£61,998.18	£32.14
	4	£63,017.76	£32.66
	5	£64,037.35	£33.19
Grade M	1	£64,037.35	£33.19
	2	£65,057.45	£33.72
	3	£66,075.99	£34.25
	4	£67,096.09	£34.78
	5	£68,115.67	£35.31
Assistant Director Level 1	1	£74,470.53	£38.60
	2	£75,658.92	£39.22
	3	£76,846.79	£39.83
	4	£78,034.14	£40.45
	5	£79,222.52	£41.06
Assistant Director Level 2	6	£83,974.51	£43.53
	7	£85,162.38	£44.14
	8	£86,350.77	£44.76
	9	£87,538.64	£45.37
	10	£88,727.02	£45.99
Executive Director - Level 1	1	£92,911.31	£48.16
	2	£94,126.71	£48.79
	3	£95,341.06	£49.42
	4	£96,556.98	£50.05
	5	£97,772.89	£50.68
Executive Director - Level 2	6	£105,383.66	£54.62
	7	£107,724.60	£55.84
	8	£111,238.34	£57.66
	9	£116,479.09	£60.37
Chief Executive	1	£140,000.00	£72.57
	2	£143,333.00	£74.29
	3	£146,666.00	£76.02
	4	£150,000.00	£77.65

Apprenticeship pay rates:

Grade	GLPC points	Levels	Annual Pay	Hourly rate
C Apprentice		1 (under 19)	£13,649.00	£7.07
		2 (19-20)	£17,063.50	£8.84
		3 (21-22)	£21,337.00	£11.06
		4 (23 & over)	£21,549.00	£11.17

Appendix 2 – Chief Officers and Direct Reports

The positions listed below are core establishment and are Chief Officers outlined in the Pay Policy Statement and posts that report directly to Chief Officers.

Position Name	Department	Directorate	Grade Name	Salary Range
Chief Executive	Corporate Leadership Team	Chief Executive	CHIEF EXEC	£140,000 - £150,000
Corporate Director of Communities	Corporate Leadership Team	Communities	EXEC DIR GRD	£105,384 - £116,479.50
Corporate Director of Resources	Corporate Leadership Team	Resources	EXEC DIR GRD	£105,384 - £116,479.51
Assistant Director of Finance and Section 151 Officer	Corporate Leadership Team Finance	Resources	AD 2	£83,975 - £88,727.50*
Assistant Director of Law and Governance and Democratic Services and Monitoring Officer	Corporate Leadership Team & Law and Governance, and Procurement	Resources	AD 2	£83,975 - £88,727.50*
Assistant Director of Customer Focus	Customer Focus	Chief Executive	AD 2	£83,975 - £88,727.50
Assistant Director of HR	HR OD and Payroll	Chief Executive	AD 1	£74,471 - £79,223
Assistant Director of Wellbeing and Housing Services	Wellbeing and Housing Services	Chief Executive	AD 2	£83,975 - £88,727.50
Assistant Director of Environmental Services	Environmental Services	Communities	AD 2	£83,975 - £88,727.50
Assistant Director of Growth and Economy	Growth and Economy	Communities	AD 2	£83,975 - £88,727.50
Assistant Director of Planning and Development	Planning and Development	Communities	AD 2	£83,975 - £88,727.50
Head of Regulatory Services and Community Safety	Regulatory Services	Communities	C Grade M	£64,037.50 - £68,116
Assistant Director of Property	Property	Resources	AD 2	£83,975 - £88,727.50
Head of Legal and Democratic Services	Law and Governance, and Procurement	Resources	C Grade M	£64,037.50 - £68,116
Head of Digital and Innovation	ICT and Digital	Resources	C Grade M	£64,037.50 - £68,116
Head of Finance	Finance	Resources	C Grade M	£64,037.50 - £68,116
Head of Revenues and Benefits Services	Finance	Resources	C Grade M	£64,037.50 - £68,116

* Statutory Officer Allowance of £12,465.60 per annum paid in addition to salary

2024/25	TAX BASE 2024/25	PARISH PRECEPT 2024/25 £	PARISH NEEDS £	CHERWELL NEEDS £	PARISH & CHERWELL £	COUNTY BAND D £	POLICE BAND D £	TOTAL COUNCIL TAX £
	CALCULATIONS REQUIRED BY SECTIONS 31 to 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992							
	CALCULATIONS AT BAND D							
			2024/25					
Adderbury	1,352.10	69,080.00	51.09	153.50	204.59	1,820.56	269.28	2,294.43
Ambrosden	831.40	34,500.00	41.50	153.50	195.00	1,820.56	269.28	2,284.84
Ardley	265.10	13,197.00	49.78	153.50	203.28	1,820.56	269.28	2,293.12
Arncott	318.20	18,000.00	56.57	153.50	210.07	1,820.56	269.28	2,299.91
Banbury	17,212.00	2,230,520.00	129.59	153.50	283.09	1,820.56	269.28	2,372.93
Barford	269.60	10,800.00	40.06	153.50	193.56	1,820.56	269.28	2,283.40
Begbroke	362.60	31,717.74	87.47	153.50	240.97	1,820.56	269.28	2,330.81
Bicester	13,219.40	1,800,238.16	136.18	153.50	289.68	1,820.56	269.28	2,379.52
Blackthorn	149.40	13,935.00	93.27	153.50	246.77	1,820.56	269.28	2,336.61
Bletchingdon	454.80	25,000.00	54.97	153.50	208.47	1,820.56	269.28	2,298.31
Bloxham	1,588.60	104,047.55	65.50	153.50	219.00	1,820.56	269.28	2,308.84
Bodicote	1,028.90	38,772.00	37.68	153.50	191.18	1,820.56	269.28	2,281.02
Bourton	349.00	15,250.00	43.70	153.50	197.20	1,820.56	269.28	2,287.04
Broughton	122.10	6,577.20	53.87	153.50	207.37	1,820.56	269.28	2,297.21
Bucknell	108.40	7,391.00	68.18	153.50	221.68	1,820.56	269.28	2,311.52
Caversfield	565.40	9,524.00	16.84	153.50	170.34	1,820.56	269.28	2,260.18
Charlton on Otmoor	201.60	11,000.00	54.56	153.50	208.06	1,820.56	269.28	2,297.90
Chesterton	458.70	60,000.00	130.80	153.50	284.30	1,820.56	269.28	2,374.14
Claydon	142.30	9,657.00	67.86	153.50	221.36	1,820.56	269.28	2,311.20
Cottisford	71.80	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Cropredy	306.00	14,300.00	46.73	153.50	200.23	1,820.56	269.28	2,290.07
Deddington	1,059.50	72,678.00	68.60	153.50	222.10	1,820.56	269.28	2,311.94
Drayton	78.00	4,000.00	51.28	153.50	204.78	1,820.56	269.28	2,294.62
Duns Tew	241.10	22,000.00	91.25	153.50	244.75	1,820.56	269.28	2,334.59
Epwell	137.30	6,048.00	44.05	153.50	197.55	1,820.56	269.28	2,287.39
Fencot and Murcott	128.40	10,600.00	82.55	153.50	236.05	1,820.56	269.28	2,325.89
Finmere	221.00	14,600.00	66.06	153.50	219.56	1,820.56	269.28	2,309.40
Fringford	262.20	16,090.00	61.37	153.50	214.87	1,820.56	269.28	2,304.71
Fritwell	287.80	7,750.00	26.93	153.50	180.43	1,820.56	269.28	2,270.27
Godington	20.90	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Gosford and Water Eaton	550.00	76,221.00	138.58	153.50	292.08	1,820.56	269.28	2,381.92
Hampton Gay and Poyle	82.50	750.00	9.09	153.50	162.59	1,820.56	269.28	2,252.43
Hanwell	120.40	15,000.00	124.58	153.50	278.08	1,820.56	269.28	2,367.92
Hardwick with Tusmore	38.70	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Hethe	118.20	9,750.00	82.49	153.50	235.99	1,820.56	269.28	2,325.83
Heyford Park	1,116.00	44,102.00	39.52	153.50	193.02	1,820.56	269.28	2,282.86
Hook Norton	1,071.30	80,000.00	74.68	153.50	228.18	1,820.56	269.28	2,318.02
Horley	160.50	8,400.00	52.34	153.50	205.84	1,820.56	269.28	2,295.68
Hornton	168.80	15,750.00	93.31	153.50	246.81	1,820.56	269.28	2,336.65
Horton cum Studley	253.20	9,455.00	37.34	153.50	190.84	1,820.56	269.28	2,280.68
Islip	322.60	23,611.24	73.19	153.50	226.69	1,820.56	269.28	2,316.53
Kidlington	5,039.40	854,049.00	169.47	153.50	322.97	1,820.56	269.28	2,412.81
Kirtlington	458.10	31,750.00	69.31	153.50	222.81	1,820.56	269.28	2,312.65
Launton	619.90	51,592.00	83.23	153.50	236.73	1,820.56	269.28	2,326.57
Lower Heyford	216.70	9,200.00	42.46	153.50	195.96	1,820.56	269.28	2,285.80
Merton	146.70	21,500.00	146.56	153.50	300.06	1,820.56	269.28	2,389.90
Middle Aston	66.50	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Middleton Stoney	149.80	7,500.00	50.07	153.50	203.57	1,820.56	269.28	2,293.41
Milcombe	280.30	15,000.00	53.51	153.50	207.01	1,820.56	269.28	2,296.85
Milton	88.10	500.00	5.68	153.50	159.18	1,820.56	269.28	2,249.02
Mixbury	118.00	3,000.00	25.42	153.50	178.92	1,820.56	269.28	2,268.76
Mollington	237.60	16,520.00	69.53	153.50	223.03	1,820.56	269.28	2,312.87
Newton Purcell	44.40	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Noke	80.90	2,892.00	35.75	153.50	189.25	1,820.56	269.28	2,279.09
North Aston	103.60	450.00	4.34	153.50	157.84	1,820.56	269.28	2,247.68
North Newington	156.40	5,297.00	33.87	153.50	187.37	1,820.56	269.28	2,277.21
Oddington	62.60	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Piddington	180.00	11,409.00	63.38	153.50	216.88	1,820.56	269.28	2,306.72
Prescote	5.60	0.00	0.00	153.50	153.50	1,820.56	269.28	2,243.34
Shenington	232.00	6,000.00	25.86	153.50	179.36	1,820.56	269.28	2,269.20
Shipton on Cherwell	156.50	8,400.00	53.67	153.50	207.17	1,820.56	269.28	2,297.01
Shutford	211.00	8,060.00	38.20	153.50	191.70	1,820.56	269.28	2,281.54
Sibford Ferris	194.00	9,891.00	50.98	153.50	204.48	1,820.56	269.28	2,294.32
Sibford Gower	251.60	9,350.00	37.16	153.50	190.66	1,820.56	269.28	2,280.50
Somerton	142.70	17,246.00	120.85	153.50	274.35	1,820.56	269.28	2,364.19
Souldern	210.50	7,994.00	37.98	153.50	191.48	1,820.56	269.28	2,281.32
South Newington	148.40	9,169.00	61.79	153.50	215.29	1,820.56	269.28	2,305.13
Steeple Aston	436.60	36,893.00	84.50	153.50	238.00	1,820.56	269.28	2,327.84
Stoke Lyne	108.90	5,437.00	49.93	153.50	203.43	1,820.56	269.28	2,293.27
Stratton Audley	214.20	12,452.00	58.13	153.50	211.63	1,820.56	269.28	2,301.47
Swalcliffe	114.30	9,206.00	80.54	153.50	234.04	1,820.56	269.28	2,323.88
Tadmarton	260.10	11,036.00	42.43	153.50	195.93	1,820.56	269.28	2,285.77
Upper Heyford	172.30	11,674.54	67.76	153.50	221.26	1,820.56	269.28	2,311.10
Wardington	247.30	12,600.00	50.95	153.50	204.45	1,820.56	269.28	2,294.29
Wendlebury	194.00	7,681.00	39.59	153.50	193.09	1,820.56	269.28	2,282.93
Weston on the Green	269.80	25,949.00	96.18	153.50	249.68	1,820.56	269.28	2,339.52
Wigginton	116.80	3,276.00	28.05	153.50	181.55	1,820.56	269.28	2,271.39
Wroxton	281.80	10,000.00	35.49	153.50	188.99	1,820.56	269.28	2,278.83
Yarnton	1,194.00	142,465.00	119.32	153.50	272.82	1,820.56	269.28	2,362.66
Total of special items	**59,027.20**	**6,355,750.43**	**107.67**	**153.50**	**261.17**	**1,820.56**	**269.28**	**2,351.01**

Appendix 1

2024/25	TAX CALCULATED FOR EACH VALUATION BAND BY CHERWELL							
	VALUATION BAND AND APPROPRIATE PROPORTION							
	A	B	C	D	E	F	G	H
	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Adderbury	136.39	159.13	181.85	204.59	250.05	295.52	340.98	409.18
Ambrosden	130.00	151.67	173.33	195.00	238.33	281.66	325.00	390.00
Ardley	135.52	158.11	180.69	203.28	248.45	293.62	338.80	406.56
Arncott	140.04	163.39	186.72	210.07	256.75	303.43	350.11	420.14
Banbury	188.72	220.18	251.63	283.09	346.00	408.91	471.81	566.18
Barford	129.04	150.55	172.05	193.56	236.57	279.58	322.60	387.12
Begbroke	160.64	187.42	214.19	240.97	294.52	348.07	401.61	481.94
Bicester	193.12	225.31	257.49	289.68	354.05	418.42	482.80	579.36
Blackthorn	164.51	191.93	219.35	246.77	301.61	356.44	411.28	493.54
Bletchingdon	138.98	162.14	185.30	208.47	254.80	301.12	347.45	416.94
Bloxham	146.00	170.33	194.66	219.00	267.67	316.33	365.00	438.00
Bodicote	127.45	148.70	169.93	191.18	233.66	276.15	318.63	382.36
Bourton	131.46	153.38	175.28	197.20	241.02	284.84	328.66	394.40
Broughton	138.24	161.29	184.32	207.37	253.45	299.53	345.61	414.74
Bucknell	147.78	172.42	197.04	221.68	270.94	320.20	369.46	443.36
Caversfield	113.56	132.49	151.41	170.34	208.19	246.04	283.90	340.68
Charlton on Otmoor	138.70	161.83	184.94	208.06	254.29	300.53	346.76	416.12
Chesterton	189.53	221.12	252.71	284.30	347.48	410.65	473.83	568.60
Claydon	147.57	172.17	196.76	221.36	270.55	319.74	368.93	442.72
Cottisford	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Cropredy	133.48	155.74	177.98	200.23	244.72	289.22	333.71	400.46
Deddington	148.06	172.75	197.42	222.10	271.45	320.81	370.16	444.20
Drayton	136.52	159.27	182.02	204.78	250.29	295.79	341.30	409.56
Duns Tew	163.16	190.36	217.55	244.75	299.14	353.53	407.91	489.50
Epwell	131.70	153.65	175.60	197.55	241.45	285.35	329.25	395.10
Fencot and Murcott	157.36	183.60	209.82	236.05	288.50	340.96	393.41	472.10
Finmere	146.37	170.77	195.16	219.56	268.35	317.14	365.93	439.12
Fringford	143.24	167.12	190.99	214.87	262.62	310.37	358.11	429.74
Fritwell	120.28	140.34	160.38	180.43	220.52	260.62	300.71	360.86
Godington	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Gosford and Water Eaton	194.72	227.17	259.62	292.08	356.99	421.89	486.80	584.16
Hampton Gay and Poyle	108.39	126.46	144.52	162.59	198.72	234.85	270.98	325.18
Hanwell	185.38	216.29	247.18	278.08	339.87	401.67	463.46	556.16
Hardwick with Tusmore	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Hethe	157.32	183.55	209.76	235.99	288.43	340.87	393.31	471.98
Heyford Park	128.68	150.13	171.57	193.02	235.91	278.80	321.70	386.04
Hook Norton	152.12	177.47	202.82	228.18	278.89	329.59	380.30	456.36
Horley	137.22	160.10	182.96	205.84	251.58	297.32	343.06	411.68
Hornton	164.54	191.96	219.38	246.81	301.66	356.50	411.35	493.62
Horton cum Studley	127.22	148.43	169.63	190.84	233.25	275.66	318.06	381.68
Islip	151.12	176.32	201.50	226.69	277.06	327.44	377.81	453.38
Kidlington	215.31	251.20	287.08	322.97	394.74	466.51	538.28	645.94
Kirtlington	148.54	173.30	198.05	222.81	272.32	321.83	371.35	445.62
Launton	157.82	184.12	210.42	236.73	289.34	341.94	394.55	473.46
Lower Heyford	130.64	152.41	174.18	195.96	239.51	283.05	326.60	391.92
Merton	200.04	233.38	266.72	300.06	366.74	433.42	500.10	600.12
Middle Aston	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Middleton Stoney	135.71	158.33	180.95	203.57	248.81	294.04	339.28	407.14
Milcombe	138.00	161.01	184.00	207.01	253.01	299.01	345.01	414.02
Milton	106.12	123.81	141.49	159.18	194.55	229.92	265.30	318.36
Mixbury	119.28	139.16	159.04	178.92	218.68	258.44	298.20	357.84
Mollington	148.68	173.47	198.24	223.03	272.59	322.15	371.71	446.06
Newton Purcell	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Noke	126.16	147.20	168.22	189.25	231.30	273.36	315.41	378.50
North Aston	105.22	122.77	140.30	157.84	192.91	227.99	263.06	315.68
North Newington	124.91	145.73	166.55	187.37	229.01	270.64	312.28	374.74
Oddington	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Piddington	144.58	168.69	192.78	216.88	265.07	313.27	361.46	433.76
Prescote	102.33	119.39	136.44	153.50	187.61	221.72	255.83	307.00
Shenington	119.57	139.50	159.43	179.36	219.22	259.07	298.93	358.72
Shipton on Cherwell	138.11	161.13	184.15	207.17	253.21	299.24	345.28	414.34
Shutford	127.80	149.10	170.40	191.70	234.30	276.90	319.50	383.40
Sibford Ferris	136.32	159.04	181.76	204.48	249.92	295.36	340.80	408.96
Sibford Gower	127.10	148.29	169.47	190.66	233.03	275.40	317.76	381.32
Somerton	182.90	213.38	243.86	274.35	335.32	396.28	457.25	548.70
Souldern	127.65	148.93	170.20	191.48	234.03	276.58	319.13	382.96
South Newington	143.52	167.45	191.36	215.29	263.13	310.97	358.81	430.58
Steeple Aston	158.66	185.11	211.55	238.00	290.89	343.78	396.66	476.00
Stoke Lyne	135.62	158.22	180.82	203.43	248.64	293.84	339.05	406.86
Stratton Audley	141.08	164.60	188.11	211.63	258.66	305.69	352.71	423.26
Swalcliffe	156.02	182.03	208.03	234.04	286.05	338.06	390.06	468.08
Tadmarton	130.62	152.39	174.16	195.93	239.47	283.01	326.55	391.86
Upper Heyford	147.50	172.09	196.67	221.26	270.43	319.60	368.76	442.52
Wardington	136.30	159.02	181.73	204.45	249.88	295.31	340.75	408.90
Wendlebury	128.72	150.18	171.63	193.09	236.00	278.91	321.81	386.18
Weston on the Green	166.45	194.20	221.93	249.68	305.16	360.65	416.13	499.36
Wigginton	121.03	141.21	161.37	181.55	221.89	262.24	302.58	363.10
Wroxton	125.99	146.99	167.99	188.99	230.99	272.98	314.98	377.98
Yarnton	181.88	212.19	242.50	272.82	333.45	394.07	454.70	545.64

Appendix 2

2024/25	COUNCIL TAX SETTING REQUIRED BY SECTION 30 OF THE 1992 ACT							
	COUNCIL TAX SET FOR EACH VALUATION BAND							
	VALUATION BAND AND APPROPRIATE PROPORTION							
	A	B	C	D	E	F	G	H
	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Adderbury	1,529.62	1,784.56	2,039.49	2,294.43	2,804.30	3,314.18	3,824.05	4,588.86
Ambrosden	1,523.23	1,777.10	2,030.97	2,284.84	2,792.58	3,300.32	3,808.07	4,569.68
Ardley	1,528.75	1,783.54	2,038.33	2,293.12	2,802.70	3,312.28	3,821.87	4,586.24
Arncott	1,533.27	1,788.82	2,044.36	2,299.91	2,811.00	3,322.09	3,833.18	4,599.82
Banbury	1,581.95	1,845.61	2,109.27	2,372.93	2,900.25	3,427.57	3,954.88	4,745.86
Barford	1,522.27	1,775.98	2,029.69	2,283.40	2,790.82	3,298.24	3,805.67	4,566.80
Begbroke	1,553.87	1,812.85	2,071.83	2,330.81	2,848.77	3,366.73	3,884.68	4,661.62
Bicester	1,586.35	1,850.74	2,115.13	2,379.52	2,908.30	3,437.08	3,965.87	4,759.04
Blackthorn	1,557.74	1,817.36	2,076.99	2,336.61	2,855.86	3,375.10	3,894.35	4,673.22
Bletchingdon	1,532.21	1,787.57	2,042.94	2,298.31	2,809.05	3,319.78	3,830.52	4,596.62
Bloxham	1,539.23	1,795.76	2,052.30	2,308.84	2,821.92	3,334.99	3,848.07	4,617.68
Bodicote	1,520.68	1,774.13	2,027.57	2,281.02	2,787.91	3,294.81	3,801.70	4,562.04
Bourton	1,524.69	1,778.81	2,032.92	2,287.04	2,795.27	3,303.50	3,811.73	4,574.08
Broughton	1,531.47	1,786.72	2,041.96	2,297.21	2,807.70	3,318.19	3,828.68	4,594.42
Bucknell	1,541.01	1,797.85	2,054.68	2,311.52	2,825.19	3,338.86	3,852.53	4,623.04
Caversfield	1,506.79	1,757.92	2,009.05	2,260.18	2,762.44	3,264.70	3,766.97	4,520.36
Charlton on Otmoor	1,531.93	1,787.26	2,042.58	2,297.90	2,808.54	3,319.19	3,829.83	4,595.80
Chesterton	1,582.76	1,846.55	2,110.35	2,374.14	2,901.73	3,429.31	3,956.90	4,748.28
Claydon	1,540.80	1,797.60	2,054.40	2,311.20	2,824.80	3,338.40	3,852.00	4,622.40
Cottisford	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Cropredy	1,526.71	1,781.17	2,035.62	2,290.07	2,798.97	3,307.88	3,816.78	4,580.14
Deddington	1,541.29	1,798.18	2,055.06	2,311.94	2,825.70	3,339.47	3,853.23	4,623.88
Drayton	1,529.75	1,784.70	2,039.66	2,294.62	2,804.54	3,314.45	3,824.37	4,589.24
Duns Tew	1,556.39	1,815.79	2,075.19	2,334.59	2,853.39	3,372.19	3,890.98	4,669.18
Epwell	1,524.93	1,779.08	2,033.24	2,287.39	2,795.70	3,304.01	3,812.32	4,574.78
Fencot and Murcott	1,550.59	1,809.03	2,067.46	2,325.89	2,842.75	3,359.62	3,876.48	4,651.78
Finmere	1,539.60	1,796.20	2,052.80	2,309.40	2,822.60	3,335.80	3,849.00	4,618.80
Fringford	1,536.47	1,792.55	2,048.63	2,304.71	2,816.87	3,329.03	3,841.18	4,609.42
Fritwell	1,513.51	1,765.77	2,018.02	2,270.27	2,774.77	3,279.28	3,783.78	4,540.54
Godington	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Gosford and Water Eaton	1,587.95	1,852.60	2,117.26	2,381.92	2,911.24	3,440.55	3,969.87	4,763.84
Hampton Gay and Poyle	1,501.62	1,751.89	2,002.16	2,252.43	2,752.97	3,253.51	3,754.05	4,504.86
Hanwell	1,578.61	1,841.72	2,104.82	2,367.92	2,894.12	3,420.33	3,946.53	4,735.84
Hardwick with Tusmore	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Hethe	1,550.55	1,808.98	2,067.40	2,325.83	2,842.68	3,359.53	3,876.38	4,651.66
Heyford Park	1,521.91	1,775.56	2,029.21	2,282.86	2,790.16	3,297.46	3,804.77	4,565.72
Hook Norton	1,545.35	1,802.90	2,060.46	2,318.02	2,833.14	3,348.25	3,863.37	4,636.04
Horley	1,530.45	1,785.53	2,040.60	2,295.68	2,805.83	3,315.98	3,826.13	4,591.36
Hornton	1,557.77	1,817.39	2,077.02	2,336.65	2,855.91	3,375.16	3,894.42	4,673.30
Horton cum Studley	1,520.45	1,773.86	2,027.27	2,280.68	2,787.50	3,294.32	3,801.13	4,561.36
Islip	1,544.35	1,801.75	2,059.14	2,316.53	2,831.31	3,346.10	3,860.88	4,633.06
Kidlington	1,608.54	1,876.63	2,144.72	2,412.81	2,948.99	3,485.17	4,021.35	4,825.62
Kirtlington	1,541.77	1,798.73	2,055.69	2,312.65	2,826.57	3,340.49	3,854.42	4,625.30
Launton	1,551.05	1,809.55	2,068.06	2,326.57	2,843.59	3,360.60	3,877.62	4,653.14
Lower Heyford	1,523.87	1,777.84	2,031.82	2,285.80	2,793.76	3,301.71	3,809.67	4,571.60
Merton	1,593.27	1,858.81	2,124.36	2,389.90	2,920.99	3,452.08	3,983.17	4,779.80
Middle Aston	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Middleton Stoney	1,528.94	1,783.76	2,038.59	2,293.41	2,803.06	3,312.70	3,822.35	4,586.82
Milcombe	1,531.23	1,786.44	2,041.64	2,296.85	2,807.26	3,317.67	3,828.08	4,593.70
Milton	1,499.35	1,749.24	1,999.13	2,249.02	2,748.80	3,248.58	3,748.37	4,498.04
Mixbury	1,512.51	1,764.59	2,016.68	2,268.76	2,772.93	3,277.10	3,781.27	4,537.52
Mollington	1,541.91	1,798.90	2,055.88	2,312.87	2,826.84	3,340.81	3,854.78	4,625.74
Newton Purcell	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Noke	1,519.39	1,772.63	2,025.86	2,279.09	2,785.55	3,292.02	3,798.48	4,558.18
North Aston	1,498.45	1,748.20	1,997.94	2,247.68	2,747.16	3,246.65	3,746.13	4,495.36
North Newington	1,518.14	1,771.16	2,024.19	2,277.21	2,783.26	3,289.30	3,795.35	4,554.42
Oddington	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Piddington	1,537.81	1,794.12	2,050.42	2,306.72	2,819.32	3,331.93	3,844.53	4,613.44
Prescote	1,495.56	1,744.82	1,994.08	2,243.34	2,741.86	3,240.38	3,738.90	4,486.68
Shenington	1,512.80	1,764.93	2,017.07	2,269.20	2,773.47	3,277.73	3,782.00	4,538.40
Shipton on Cherwell	1,531.34	1,786.56	2,041.79	2,297.01	2,807.46	3,317.90	3,828.35	4,594.02
Shutford	1,521.03	1,774.53	2,028.04	2,281.54	2,788.55	3,295.56	3,802.57	4,563.08
Sibford Ferris	1,529.55	1,784.47	2,039.40	2,294.32	2,804.17	3,314.02	3,823.87	4,588.64
Sibford Gower	1,520.33	1,773.72	2,027.11	2,280.50	2,787.28	3,294.06	3,800.83	4,561.00
Somerton	1,576.13	1,838.81	2,101.50	2,364.19	2,889.57	3,414.94	3,940.32	4,728.38
Souldern	1,520.88	1,774.36	2,027.84	2,281.32	2,788.28	3,295.24	3,802.20	4,562.64
South Newington	1,536.75	1,792.88	2,049.00	2,305.13	2,817.38	3,329.63	3,841.88	4,610.26
Steeple Aston	1,551.89	1,810.54	2,069.19	2,327.84	2,845.14	3,362.44	3,879.73	4,655.68
Stoke Lyne	1,528.85	1,783.65	2,038.46	2,293.27	2,802.89	3,312.50	3,822.12	4,586.54
Stratton Audley	1,534.31	1,790.03	2,045.75	2,301.47	2,812.91	3,324.35	3,835.78	4,602.94
Swalcliffe	1,549.25	1,807.46	2,065.67	2,323.88	2,840.30	3,356.72	3,873.13	4,647.76
Tadmarton	1,523.85	1,777.82	2,031.80	2,285.77	2,793.72	3,301.67	3,809.62	4,571.54
Upper Heyford	1,540.73	1,797.52	2,054.31	2,311.10	2,824.68	3,338.26	3,851.83	4,622.20
Wardington	1,529.53	1,784.45	2,039.37	2,294.29	2,804.13	3,313.97	3,823.82	4,588.58
Wendlebury	1,521.95	1,775.61	2,029.27	2,282.93	2,790.25	3,297.57	3,804.88	4,565.86
Weston on the Green	1,559.68	1,819.63	2,079.57	2,339.52	2,859.41	3,379.31	3,899.20	4,679.04
Wigginton	1,514.26	1,766.64	2,019.01	2,271.39	2,776.14	3,280.90	3,785.65	4,542.78
Wroxton	1,519.22	1,772.42	2,025.63	2,278.83	2,785.24	3,291.64	3,798.05	4,557.66
Yarnton	1,575.11	1,837.62	2,100.14	2,362.66	2,887.70	3,412.73	3,937.77	4,725.32