



Meeting of Council

Monday 15 July 2024

Members of Cherwell District Council,

A meeting of Council will be held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA on Monday 15 July 2024 at 6.30 pm, and you are hereby summoned to attend.

Monitoring Officer
Friday 5 July 2024

AGENDA

1 **Apologies for Absence**

2 **Declarations of Interest**

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

3 **Communications**

To receive communications from the Chairman and/or the Leader of the Council.

4 **Petitions and Requests to Address the Meeting**

The Chairman to report on any requests to submit petitions or to address the meeting.

Addresses may be presented by:

- A Local Government elector for the area,
- A person who is wholly or mainly resident in the area,
- A Council Taxpayer or National Non-Domestic Ratepayer for the area

Addresses must be on an item on the Agenda before the meeting and not exceed 5 minutes. No person may address more than one meeting on any particular issue.

Requests to address the meeting (including the agenda item and reason for the address) should be submitted to democracy@cherwell-dc.gov.uk The deadline for requests to address this meeting is noon on Friday 12 July.

The deadline to present a petition to this meeting has passed.

Full details of public participation at meetings is available in the Constitution.

5 Urgent Business

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

6 Minutes of Council (Pages 7 - 16)

To confirm as a correct record the Minutes of Council held on 22 May 2024.

7 Minutes

- a) Minutes of Executive, Portfolio Holder Decisions and Executive Decisions not included in the 28 day notice

The Leader of the Council to formally propose that the minutes of the meetings of the Executive and Portfolio Holder Decisions as set out in the Minute Book (circulated separately) be received and to report that since the last meeting of Council at which this was reported, 26 February 2024, two key and/or exempt decisions had been taken by the Executive which were not included in the 28 day notice: Temporary Accommodation Lease and the Letting of Unit 5 at Castle Quay 2.

- b) Minutes of Committees

The Leader of the Council to formally propose that the minutes of committees as set out in the Minute Book (circulated separately) be received.

8 Questions

- a) Written Questions

There are no written questions.

- b) Questions to the Leader of the Council

The Chairman to invite questions to the Leader of the Council (including any matters arising from the minutes).

Following a response to their question being provided Members will be entitled to a follow up or supplementary question.

c) Questions to Committee Chairmen on the Minutes

The Chairman to invite questions to Chairmen of Committees on any matter arising from the minutes of their committee (if any).

Council Business Reports

9 Annual Report of Accounts, Audit and Risk Committee 2023/2024 (Pages 17 - 28)

Report of Assistant Director of Finance

Purpose of report

This report presents the annual report of the Accounts, Audit & Risk Committee 2023/24

Recommendations

Council resolves:

- 1.1 To note the contents of the Annual Report of the Accounts, Audit & Risk Committee 2023/24.

10 Treasury Management Report - Annual Performance Report 2023/24 (Pages 29 - 44)

Report of Assistant Director Finance

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2023-24 as required by the Treasury Management Code of Practice.

To demonstrate that all treasury management activities undertaken during the financial year 2023-24 complied with the CIPFA Code of Practice, the council's approved Treasury Management Strategy and that all Prudential Indicators were met during the reporting period.

Recommendations

Council resolves:

- 1.1 To note the contents of this Treasury Management Annual Performance Report and the Capital Prudential indicators attached in appendix 1.

11 **Motions** (Pages 45 - 48)

To debate the following motions which have been submitted with advance notice, in accordance with the Constitution (to be debated in the order submitted).

Topic	Proposer	Seconder
Mental health Initiative	Councillor Lynne Parsons	TBC
Spare Seats Scheme	Councillor Eddie Reeves	TBC
Consultation on Congestion Charge	Councillor Eddie Reeves	TBC
Member Briefings	Councillor Eddie Reeves	TBC

Please note that the deadline to submit motions has passed. The deadline for Members to submit amendments to motions is noon on Thursday 11 July. No amendments will be permitted after this deadline.

Any amendments submitted will be published as a supplement to the agenda on the afternoon of Friday 12 July. Amendments for motions will be dealt with in the order submitted.

12 **Amendment to Committee Membership**

The Conservative Group Leader, Councillor Reeves, has notified the Proper Officer of the following amendment to Conservative Group committee membership:

Planning Committee

To switch the appointments of Councillor Andrew McHugh and Councillor Phil Chapman with Councillor Andrew McHugh being named substitute and Councillor Phil Chapman being full Committee member effective 3 June 2024.

Recommendation

Council resolves:

- 1.1 To note the Conservative Group committee membership amendment.

For information

Please note:

Members are advised that written questions and motions for the next scheduled Council meeting on Monday 21 October must be submitted to the Assistant Director Law and Governance & Monitoring Officer, democracy@cherwell-dc.gov.uk, by noon on Wednesday 9 October.

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Agenda

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221534 prior to the start of the meeting.

Declarations of Interest

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

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

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

Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

Access to Meetings

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

Mobile Phones

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

Webcasting and Broadcasting Notice

The meeting will be recorded by the council for live and/or subsequent broadcast on the council's website. The whole of the meeting will be recorded, except when confidential or exempt items are being considered. The webcast will be retained on the website for 6 months.

If you make a representation to the meeting, you will be deemed by the council to have consented to being recorded. By entering the Council Chamber or joining virtually, you are consenting to being recorded and to the possible use of those images and sound recordings for webcasting and/or training purposes.

The council is obliged, by law, to allow members of the public to take photographs, film, audio-record, and report on proceedings. The council will only seek to prevent this should it be undertaken in a disruptive or otherwise inappropriate manner.

Queries Regarding this Agenda

Please contact Natasha Clark, Democratic and Elections democracy@cherwell-dc.gov.uk, 01295 221534

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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 22 May 2024 at 6.30 pm

Present:

Councillor Dr Chukwudi Okeke (Chairman)
Councillor Dorothy Walker (Vice-Chairman)
Councillor Tom Beckett
Councillor Rebecca Biegel
Councillor Gordon Blakeway
Councillor Chris Brant
Councillor Besmira Brasha
Councillor John Broad
Councillor Mark Cherry
Councillor Becky Clarke MBE
Councillor Jean Conway
Councillor Grace Conway-Murray
Councillor Gemma Coton
Councillor Nick Cotter
Councillor Dr Isabel Creed
Councillor Andrew Crichton
Councillor Donna Ford
Councillor Ian Harwood
Councillor David Hingley
Councillor Matt Hodgson
Councillor Frank Ideh
Councillor Harry Knight
Councillor Simon Lytton
Councillor Kieron Mallon
Councillor Nicholas Mawer
Councillor Fiona Mawson
Councillor Andrew McHugh
Councillor Lesley McLean
Councillor Ian Middleton
Councillor Julian Nedelcu
Councillor Rob Parkinson
Councillor Lynne Parsons
Councillor Rob Pattenden
Councillor Chris Pruden
Councillor Edward Fraser Reeves
Councillor David Rogers
Councillor Alisa Russell
Councillor Les Sibley
Councillor Dr Kerrie Thornhill
Councillor Dom Vaitkus
Councillor Linda Ward
Councillor Amanda Watkins

Councillor John Willett
Councillor Douglas Webb
Councillor Barry Wood
Councillor Sean Woodcock

Apologies for absence:

Councillor Phil Chapman
Councillor Nigel Simpson

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
Natasha Clark, Governance and Elections Manager

1 **Welcome**

The Chairman welcomed councillors, past Chairman, former councillors, the Deputy Lord Lieutenant of Oxfordshire, Mrs Miranda Markham, and her husband, guests and officers to the Annual Council meeting.

The Chairman welcomed newly elected councillors, Councillor Gordon Blakeway, Councillor Dom Vaitkus, Councillor Dr Kerrie Thornhill, Councillor Rob Parkinson, Councillor John Willett, Councillor Frank Ideh, Councillor Chirs Brant, Councillor David Rogers, Councillor Grace Conway-Murray and Councillor Linda Ward and congratulated them and all other councillors who were returned at the recent election. The newly elected councillors each introduced themselves to Council.

2 **Declarations of Interest**

11. Making of the Deddington Neighbourhood Plan.
Councillor David Rogers, Declaration, as one of the architects of the Plan.

3 **Communications**

Former Councillors

On behalf of Council, the Chair extended paid tribute and thanked those councillors who stood down or were not re-elected at the May elections for their service to the council, their wards and the district.

Annual Council

By convention, the minutes of Committees, questions, petitions and motions were not considered at Annual Council. These would be included on the agenda of the next scheduled Council meeting on Monday 15 July.

Process for Appointments

The Chairman reminded Council of the process for voting on appointments for any position to be filled by the Council, as set out in the Constitution.

Members' Pigeon Holes

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

4 Election of Chairman for the Municipal Year 2024/2025

It was proposed by Councillor Woodcock and seconded by Councillor Hodgson, that Councillor Dr Okeke be appointed as Chairman of Cherwell District Council for the municipal year 2024/2025. There were no other nominations.

Resolved

- (1) That Councillor Dr Okeke be appointed Chairman of Cherwell District Council for the Municipal Year 2024/2025.

(Councillor Sibley, outgoing Chairman chaired the meeting until Councillor Okeke was appointed)

5 Investiture of Chairman

Councillor Dr Okeke made, and signed, the required Declaration of Acceptance of Office.

Councillor Dr Okeke addressed Council thanking Members for the honor of appointing him as Chairman, a role he would embrace. The Chairman advised that his partner, Sandra, would be his consort and announced that he would raise funds for Oxfordshire Mind during his term of office.

6 Vote of Thanks to Immediate Past Chairman

The Chairman paid tribute to Councillor Sibley for the two years he had served as Chairman of the Council. Councillor Sibley was an outstanding Chairman, who had carried out his role passionately and steadfastly.

Councillor Sibley dedicated a lot of time and effort in raising money for his chosen charity, Alexandra House of Joy. He raised over £20,000 during his two years of chairmanship which

As Vice-Chairman, it had been very helpful learning from Councillor Sibley. One of the many things the incoming Chairman had learned from Councillor Sibley was reminding Councillors to speak through the Chairman.

Group Leaders, Councillor Hingley, Councillor Woodcock, Councillor Reeves and Councillor Middleton, and other Members, paid tribute to Councillor for his two-year tenure as Chairman.

The Chairman presented Councillor Sibley with his past Chairman's badge and a gift as a token of appreciation for his term of office.

7 **Past Chairman's response**

Councillor Sibley thanked Group Leaders and Members for their kind words and addressed Council.

Councillor Sibley congratulated Cllr Dr Okeke on his appointment and wished him and his consort, his wife Sandra, all the best for the forthcoming year.

Councillor Sibley thanked Members for their goodwill and confidence in appointing him as Chairman for a second term and hoped Members and residents considered he has he had fulfilled the duties required. Councillor Sibley also thanked the council's management and staff for their support and guidance and paid particular tribute to his PA. Councillor Sibley also extended his thanks to Councillor Okeke for his support as Vice-Chair during his term of office.

Councillor Sibley highlighted that he and his consort, his wife Mary, had enjoyed their role as ambassadors for Cherwell District Council visiting many places and meeting many people. Another highlight had been attending events along with members of the "Oxfordshire chain gang" and thanked them for their friendship and support.

One of his duties as Chairman was to raise funds and awareness of his nominated charity, Alexandra House of Joy. Councillor Sibley presented the founders of the charity, Ian and Rachel Scott-Hunter and presented them with a cheque for £20,000 raised over the past year

Councillor Sibley thanked his consort, his wife, for the wonderful support she had given him in his role as Chairman and presented her with flowers as a token of his appreciation.

8 **Election of Vice-Chairman for the Municipal Year 2024/2025**

It was proposed by Councillor Hingley and seconded by Councillor McLean, that Councillor Walker be appointed as Vice-Chairman of Cherwell District Council for the municipal year 2024/2025. There were no other nominations.

Resolved

- (1) That Councillor Walker be appointed Vice-Chairman of Cherwell District Council for the Municipal Year 2024/2025.

9 **Investiture of Vice-Chairman**

Councillor Walker, having made and signed the required Declaration of Acceptance of Office was invested with the Vice-Chairman's Chain.

Councillor Walker addressed Council and thanked Members for her appointment.

10 **Minutes of Council**

The minutes of the meeting held on 26 February 2024 were agreed as a correct record and signed by the Chairman.

11 **Annual Council Business Report 2024/2025**

The Monitoring Officer submitted a report to note the results of the 2 May 2024 district elections and to consider the appointments and allocation of seats on Committees for municipal year 2024/25 in accordance with the duty under Section 15 Local Government Housing Act 1989, to ensure that this reflects the political make-up of the Council following the elections. The political representation of members on committees needed to be considered on an annual basis.

The Chairman referred to recommendation 1.3 which related to the Leader of the Council and invited Councillor Wood to address the meeting.

Councillor Wood addressed Council and tendered his resignation as Leader of the Council. Councillor Wood had been Leader since his appointment at the Annual Meeting in 2004 and reported on his highlights as Leader. The Leader also paid respect and tribute to the Chief Executive Officers at the council over the past 20 years. Councillor Wood expressed his gratitude for the support of the Leader's PA who had been in post for the duration of his time as Leader. Councillor Wood, above all, thanked his wife for her support.

On behalf of Council, the Chairman thanked Councillor Wood for his service to the district, our residents and the council as Leader over the past 20 years.

Group Leaders, Councillor Reeves, Councillor Hingley, Councillor Woodcock, Councillor Middleton and Councillor Sibley paid tribute and extended their gratitude to Councillor Wood for his service as Leader.

Councillor Wood having resigned, it was necessary for Council to appoint a Leader. It was proposed by Councillor Lytton and seconded by Councillor

Cotter that Councillor Hingley be appointed Leader of Cherwell District Council.

There being no further nominations, Councillor Hingley was duly appointed Leader of the Council.

The Chairman invited the Leader to report on his Deputy Leader, Executive members and Portfolio Holder allocations for 2024/2025. The Leader advised Councillor Lesley McLean was his Deputy leader and Portfolio Holders as follows:

- Councillor David Hingley – Leader and Portfolio Holder for Strategic Leadership
- Councillor Lesley Mclean – Deputy Leader and Portfolio Holder for Finance and Resources
- Councillor Chris Brant, Portfolio Holder for Corporate Services
- Councillor Jean Conway, Portfolio Holder for Planning and Development Management
- Councillor Rob Parkinson – Portfolio Holder for Regulatory
- Councillor Rob Pattenden – Portfolio Holder for Healthy Communities
- Councillor Chris Pruden – Portfolio Holder for Housing
- Councillor Ian Middleton – Portfolio Holder for Neighbourhood Services
- Councillor Tom Beckett – Portfolio Holder for Greener Services

The Chairman led Council through the remaining recommendations and invited the Leader, and Group Leaders as required, to advise of nominations to outside bodies and working groups with appointments as set out in the resolutions.

Resolved

- (1) That the results of the District Elections held on 2 May 2024 be noted.

Ward	Elected	Party
Adderbury, Bloxham and Bodicote	Gordon Blakeway	Liberal Democrat
Banbury Calthorpe and Easington	Kieron Mallon	Conservative
Banbury Cross and Neithrop	Matt Hodgson	Labour
Banbury Grimsbury and Hightown	Dom Vaitkus	Labour
Banbury Hardwick	Kerrie Thornhill	Labour
Banbury Ruscote	Mark Cherry	Labour
Bicester East	Rob Parkinson	Liberal Democrat
Bicester North and Caversfield	John Willett	Liberal Democrat
Bicester South and Ambrosden	Frank Ideh	Liberal Democrat
Bicester West	Les Sibley	Independent
Cropredy, Sibfords and	Chris Brant	Liberal Democrat

Wroxton		
Deddington	David Rogers	Conservative
Fringford and Heyfords	Grace Conway-Murray	Liberal Democrat
Kidlington East	Linda Ward	Green
Kidlington West	Dorothy Walker	Liberal Democrat
Launton and Otmoor	Alisa Russell	Liberal Democrats

- (2) That the constitution of Political Groups and notification of Group Leaders which has been notified in accordance with Regulation 8 of the Local Government (Committees and Political Groups) Regulations 1990.
- Liberal Democrat (17 Members, all Liberal Democrat party members)
 - Group Leader: Councillor David Hingley
 - Labour (13 Members, all Labour & co-operative party members)
 - Group Leader: Councillor Sean Woodcock
 - Conservative (11 Members, all Conservative Group members)
 - Group Leader: Councillor Eddie Reeves
 - Green / Independent¹ (5 Members, comprising 4 Green members and 1 Independent Member)
 - Group Leader: Councillor Ian Middleton
 - Independent (2 Members, comprising 2 Independent Members)
 - Group Leader: Councillor Les Sibley
- (3) That Councillor Hingley be appointed Leader of the Council.
- (4) That the appointment of the Deputy Leader of the Council, the membership of the Executive and Executive portfolios for the municipal year 2024/2025 be noted.

Councillor	Portfolio
David Hingley (leader)	Strategic Leadership
Chris Brant	Corporate Services
Lesley McLean (deputy leader)	Finance and Resources
Jean Conway	Planning and Development Management
Chris Pruden	Housing
Rob Pattenden	Healthy Communities
Tom Beckett	Greener Communities
Ian Middleton	Neighbourhood Services
Rob Parkinson	Regulatory

- (5) That the allocation of seats on committees that are subject to the political balance requirements be agreed (Annex to the Minutes, as set out in the Minute Book).
- (6) That members (and where appropriate, substitute members) be appointed to serve on each of the Committees as set out below in

¹ Name of Group to be confirmed

accordance the nominations made by political groups (Annex to the Minutes, as set out in the Minute Book).

- (7) That Councillor Walker be appointed as Cherwell District Council's representative to the Oxfordshire Joint Health Overview and Scrutiny Committee for the municipal year 2024/2025.
- (8) That Councillor Rob Pattenden be appointed as Cherwell District Council's appointed representative and Councillor David Hingley be appointed as Cherwell District Council's substitute to the Health and Wellbeing Board for the municipal year 2024/2025.
- (9) That Councillor Rob Parkinson be appointed as Cherwell District Council's appointed representative and Councillor David Hingley be appointed as Cherwell District Council's substitute to the Police and Crime Commissioner Scrutiny Panel for the municipal year 2024/2025.
- (10) That Councillor David Hingley be appointed as Cherwell District Council's representative and Councillor Lesley McLean be appointed as Cherwell District Council's substitute to the Future Oxfordshire Partnership for the municipal year 2024/2025.
- (11) That Councillors Besmira Brasha, John Broad and Barry Wood be appointed as Cherwell District Council's representatives to the Future Oxfordshire Partnership Scrutiny Panel for the municipal year 2024/2025.
- (12) That Executive members be appointed as Cherwell District Council's representative and substitute to each of the Future Oxfordshire Partnership advisory sub-groups as set out below:

Advisory Group	Representative	Named Substitute
FOP Housing Advisory Subgroup	Councillor Chris Pruden	Councillor David Hingley
FOP Infrastructure Advisory Subgroup rep & named sub	Councillor Lesley McLean	Councillor David Hingley
FOP Environment Advisory Subgroup rep & named sub	Councillor Tom Beckett	Councillor David Hingley
FOP Planning Advisory Subgroup rep & name sub	Councillor Jean Conway	Councillor Lesley Mclean

- (13) That authority be delegated to the Monitoring Officer to make changes required to the Constitution as a result of the changes referred to in this report.

The Assistant Director Planning and Development submitted a report to seek the making of the Deddington Neighbourhood Plan following the successful referendum and the recommendation of the Corporate Director - Communities.

Resolved

- (1) That the referendum result of 2 May 2024 where 93% of those who voted were in favour of the Deddington Neighbourhood Plan, which was above the required 50%, be noted.
- (2) That the Deddington Neighbourhood Plan be formally made so that it continues to have effect as part of the statutory Development Plan for Cherwell District.
- (3) That the Assistant Director – Planning and Development, in consultation with the Portfolio Holder with responsibility for Planning, be authorised to issue and publicise a Decision Statement.

13 **Polling District and Polling Places Review 2024**

The Monitoring Officer & Assistant Director Law and Governance submitted a report to endorse the plans for a statutory review of polling districts and polling places within the administrative boundary of Cherwell District Council.

Resolved

- (1) That the proposed timetable for the review of polling districts, polling places and polling stations in the Cherwell district be endorsed.
- (2) That an informal cross-party Polling Place and District Boundary Review working with 9 members (3 Liberal Democrat, 2 Labour, 2 Conservative, 1 Green/Independent and 1 Independent) reflecting the political make-up of the Council and authority be delegated to the Monitoring Officer & Assistant Director Law and Governance to finalise the membership in consultation with Group Leaders.

14 **Urgent Business**

There were no items of urgent business.

The meeting ended at 7.45 pm

Chairman:

Date:

This report is public	
Annual Report of the Accounts, Audit & Risk Committee 2023/34	
Committee	Council
Date of Committee	15 July 2024
Portfolio Holder presenting the report	Chair of Accounts, Audit & Risk Committee – Councillor Cotter
Date Portfolio Holder agreed report	2 July 2024
Report of	Assistant Director of Finance (Section 151 Officer), Michael Furness

Purpose of report

This report presents the annual report of the Accounts, Audit & Risk Committee 2023/24

1. Recommendations

Council resolves:

- 1.1 To note the contents of the Annual Report of the Accounts, Audit & Risk Committee 2023/24.

2. Executive Summary

- 2.1 The annual report contains information relating to the work of the Accounts, Audit & Risk Committee during 2023/24. It explains how the committee has discharged its responsibilities in accordance with its terms of reference and also recommended practice for Audit Committees (CIPFA, Chartered Institute of Public Finance and Accountancy – Audit Committees Practical Guidance 2022). The Accounts, Audit & Risk Committee is a key component of the council’s governance framework, providing independent support to ensure good governance and strong public financial management. The report concludes that the committee has effectively discharged its responsibilities for 2023/24.

Implications & Impact Assessments

Implications	Commentary
Finance	The are no financial implications arising directly from this report. Comments checked by: Michael Furness, Assistant Director of Finance, 01295 221845 michael.furness@cherwell-dc.gov.uk
Legal	There are no legal implications arising directly from this report.

	Comments checked by: Shiraz Sheikh, Monitoring Officer & Assistant Director – Law, Governance & Democratic Services shiraz.sheikh@cherwell-dc.gov.uk			
Risk Management	There are no risk management issues arising directly from this report. Any arising risks will be managed through the service Operational Risk and escalated to the Leadership Risk Register as and when necessary. Comments checked by: Celia Prado-Teeling, Performance & Insight Team Leader Celia.prado-teeling@cherwell-dc.gov.uk			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Climate & Environmental Impact		x		
ICT & Digital Impact		x		
Data Impact		x		
Procurement & subsidy		x		
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

- 3.1 Compliance with CIPFA's guidance for Local Authority Audit Committees 2022, demonstrates the Accounts, Audit & Risk Committee's commitment to high standards and the production of the annual report demonstrates the role the committee exercises in being a key component of good governance for Cherwell District Council.

4. Details

- 4.1 Within recommended practice for Audit Committees (CIPFA, Chartered Institute of Public Finance and Accountancy – Audit Committees Practical Guidance 2022), the committee should report on an annual basis to Council on how the committee has discharged its responsibilities.
- 4.2 The annual report explains how the committee has discharged its responsibilities in accordance with its terms of reference and also recommended practice for Audit Committees (CIPFA, Chartered Institute of Public Finance and Accountancy – Audit Committees Practical Guidance 2022). The report concludes that the committee has effectively discharged its responsibilities for 2023/24.
- 4.3 The Annual Report 2023/24 was approved at the March 2024 Accounts, Audit & Risk Committee. The report is attached at Appendix 1.

5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: No alternative options have been identified as this report is for information only.

6 Conclusion and Reasons for Recommendations

- 6.1 Council is invited to note the content of the Accounts, Audit & Risk Committee Annual Report 2023/24.

Decision Information

Key Decision	N/A
Subject to Call in	N/A

If not, why not subject to call in	
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Annual Report of Accounts, Audit & Risk Committee 2023/24
Background Papers	None
Reference Papers	None
Report Author	Michael Furness, Assistant Director of Finance,
Report Author contact details	michael.furness@cherwell-dc.gov.uk

APPENDIX 1:

**Accounts, Audit & Risk Committee
Annual Report**

**Report of the work of the Accounts, Audit &
Risk Committee during 2023-24**

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Chair's Introduction

As the Chair I am very pleased to present this annual report which sets out the role of the Accounts, Audit & Risk Committee and summarises the work we have undertaken during the financial year 2023/24. I have only been on this Committee since May 2023; however I note that it is well supported by Officers, providing a high standard of reports and presentations. I would like to thank the Finance Team, Governance Officers, Risk & Performance Team, Internal Audit and External Audit for their input.

The Committee is a key component of the council's governance framework, providing independent support to ensure good governance and strong public financial management.

I should like to take this opportunity to give my personal thanks to all fellow Committee members who have contributed and supported the work of the Committee in such a meaningful and positive way throughout the past year.

COUNCILLOR LYNN PRATT

Chair, Accounts, Audit & Risk Committee

Role of the Accounts, Audit & Risk Committee

The Accounts, Audit & Risk Committee operates in accordance with the “Audit Committees, Practical Guidance for Local Authorities” produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2022. The Committee complies with the CIPFA’s position statement. The Guidance defines the purpose of an Audit Committee as follows:

Audit committees are a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

The key functions of the Account’s Audit & Risk Committee are defined within its terms of reference, which is included within the council’s constitution.

How the Committee has discharged its responsibilities during 2023/24

Key AARC Activities	July 23	Sept 23	Nov 23	Jan 24	March 24
Financial Reporting					
Statement of Accounts 2021/22					
Draft Statement of Accounts 2022/23					
2022/23 Accounting Policies					
2023/24 Accounting Policies					
Treasury Management update					
Capital and Investment Strategy 2024/25					
Treasury Management Strategy 2024/25					
Treasury Management – Annual Performance Report 2022/23					
Treasury Management Training					
Review of Support to Subsidiaries					
Housing Benefit & Council Tax Reduction Risk Based Verification					
Housing Benefit Subsidy Audit					
Financial Management Code – Forecast Self-Assessment Update					
Internal Audit					
Annual Report of the Chief Internal Auditor 2022/23					
Internal Audit Strategy and Plan 2023/24					
Review of Internal Audit Reports and monitor of in-year progress					
Review of Internal Audit Charter and Quality Assurance Programme					
Internal Audit Contract Procurement					
External Audit					
External audit progress updates					
Governance & Risk Management					
Risk Management Report					
Approval of Annual Governance Statement (AGS) for 2022/23					
Annual Governance Statement – review of actions					
AARC – draft annual report					
Local Code of Corporate Governance					
Local Government and Social Care Ombudsman annual report					
Counter-Fraud					
Approval of Counter-Fraud Strategy and plan for 2023/24					
Counter-Fraud Plan update					

Our work in 2023/24

The Committee has effectively discharged their responsibilities for 2023/24 in accordance with the committee's terms of reference and CIPFA guidelines for Audit Committees. The key activities of the Committee are captured in the table above. In summary:

Financial Reporting

The Committee reviewed the proposed accounting policies for the 2022/23 statement of accounts and considered the external auditors progress update report on the audit of the accounts. The committee also reviewed the proposed changes to the 2021/22 draft statement of accounts.

The Committee receives reports on Treasury Management throughout the year, exercising its stewardship role, including the Treasury Management Outturn Report for 2022/23 and quarterly Treasury Management monitoring reports for 2023/24. Additionally, the Committee considered the draft Capital and Investment Strategy 2024/25 and the draft Treasury Management Strategy 2024/25. The Committee have provided effective scrutiny of the treasury management strategy and policies through receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management. The Committee received Treasury Management training from its external treasury advisers.

The Committee was also kept updated on the support the Council provides to its subsidiary companies and the impact this has on the council's status as a going concern.

The Committee reviewed the results of the Councils forecast self-assessment position against the requirements of CIPFA's Financial Management Code, which concluded strong compliance and a resilient and sustainable approach to managing the Council's funds.

Internal Audit

The Committee approved the Internal Audit Strategy for 2023/24, including the annual audit plan.

The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work.

The Committee has continued to review and monitor material weaknesses identified from the internal audit reports with Senior Managers attending to provide assurance on how the issues were being addressed. This has supported the implementation of the actions plans to deliver the required improvements in key areas for the Council.

The completion of the Internal Audit Plan and the annual statement of the Chief Internal Auditor is produced for the Committee at the end of the financial year. Based on the evidence of the reports presented to the Committee, the internal audit team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee also met with the Chief Internal Auditor in a private session during November 2023 and are satisfied Internal Audit are free to carry out their duties without restrictions.

The Committee approves the Internal Audit Charter on an annual basis, this was approved at the July 2023 meeting.

The Committee received the report of the External Assessment of Internal Audit against Public Sector Internal Audit Standards. The assessment concluded that Internal Audit were “fully conforming” with the standards and no recommendations were required.

External Audit

The Council’s external auditors, Ernst and Young, attended virtually some of the committee meetings during 2023/24, providing progress updates on their work plan, along with any matters arising. The external auditor’s Audit Results Report for 2021/22 was presented to the Committee in January 2024.

The Committee met virtually with the external auditors in a private session in November 2023. The Committee is satisfied that they are free to carry out their duties without restrictions. The Committee are also assured that if identified they would bring any material issues to the attention of the Committee.

Governance & Risk Management

The Committee approved the Annual Governance Statement (AGS) for 2022/23 to sit alongside the Council’s accounts.

The Committee receives quarterly updates on risk management, considering the Leadership Risk Register element of the Performance, Risk and Finance Monitoring Report.

Counter-Fraud

The Committee receives regular updates from the Counter Fraud Team on outcomes of investigations. The Committee plays a key role in monitoring the effectiveness of the Council’s counter fraud arrangements.

Overall, the Council has a strong system of internal control, so as expected, there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that the Council remains vigilant.

Accounts, Audit & Risk Committee self-assessment 2023

At the end of 2022, CIPFA (The Chartered Institute of Public Finance & Accountancy), issued updated guidelines and position statement to local authority audit committees. As part of those guidelines it is recommended that the committee undertake a regular self-assessment exercise against the recommended standards set out in the CIPFA 2022

guidelines. The Accounts, Audit and Risk Committee met in February 2023 and completed the self-assessment of good practice, which included review of core knowledge and skills.

The self-assessment exercise concluded that the committee has a high degree of performance against good practice principles, that it is soundly based and has in place knowledge membership. The committee complies with the CIPFA position statement 2022 and has fulfilled its terms of reference and the key issues escalated during the year.

Where matters for improvement were identified, these have been captured within an action plan. The Chair of the Accounts, Audit & Risk Committee and the Assistant Director of Finance are overseeing the completion of the planned actions.

One of the key recommendations of the CIPFA 2022 guidance is that all audit committees within local authorities have two independent members. The Accounts, Audit & Risk Committee had already identified this as a required action and reported to Council at the 27 February 2023 meeting that those two independent members have been appointed. The two new independent members have attended the committee since their first meeting in March 2023.

This report is public	
Treasury Management Report – Annual Performance Report 2023/24	
Committee	Council
Date of Committee	15 July 2024
Portfolio Holder presenting the report	Portfolio Holder for Finance and Resources, Councillor Lesley McLean
Date Portfolio Holder agreed report	1 July 2024
Report of	Assistant Director of Finance (Section 151 Officer), Michael Furness

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2023-24 as required by the Treasury Management Code of Practice.

To demonstrate that all treasury management activities undertaken during the financial year 2023-24 complied with the CIPFA Code of Practice, the council's approved Treasury Management Strategy and that all Prudential Indicators were met during the reporting period.

1. Recommendations

Council resolves:

- 1.1 To note the contents of this Treasury Management Annual Performance Report and the Capital Prudential indicators attached in appendix 1.

2. Executive Summary

- 2.1 In 2012 the council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the council to approve Treasury Management semi-annual and annual reports.
- 2.2 The council's Treasury Management strategy for 2023-24 was approved by full Council on 27 February 2023. The Treasury indicators have been included in this report as per the 2021 CIPFA Treasury Management in the Public Services Code of Practice.

2.3 The council's Capital Strategy covering capital expenditure and non-treasury investments, complying with CIPFA's requirement, was approved by Council on 27 February 2023. As per 2021 CIPFA Prudential Code for Capital Finance in Local Authorities the Prudential indicators have been attached in Appendix 1.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no financial implications arising directly from any outcome of this report. Joanne Kaye, Head of Finance (D151), 15 May 2024			
Legal	The presentation of the report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators. Shahin Ismail, Legal Services Manager, 15 May 2024			
Risk Management	It is essential that this report is considered by the Audit Committee as it demonstrates that the risk of not complying with the council's Treasury Management Policy has been avoided. This and any other risks related to this report will be managed through the service operational risk and escalated to the leadership risk register as and when necessary. Celia Prado-Teeling, Performance and Insight Team Leader, 17 May 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		X		
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				N/A
Climate & Environmental Impact				N/A

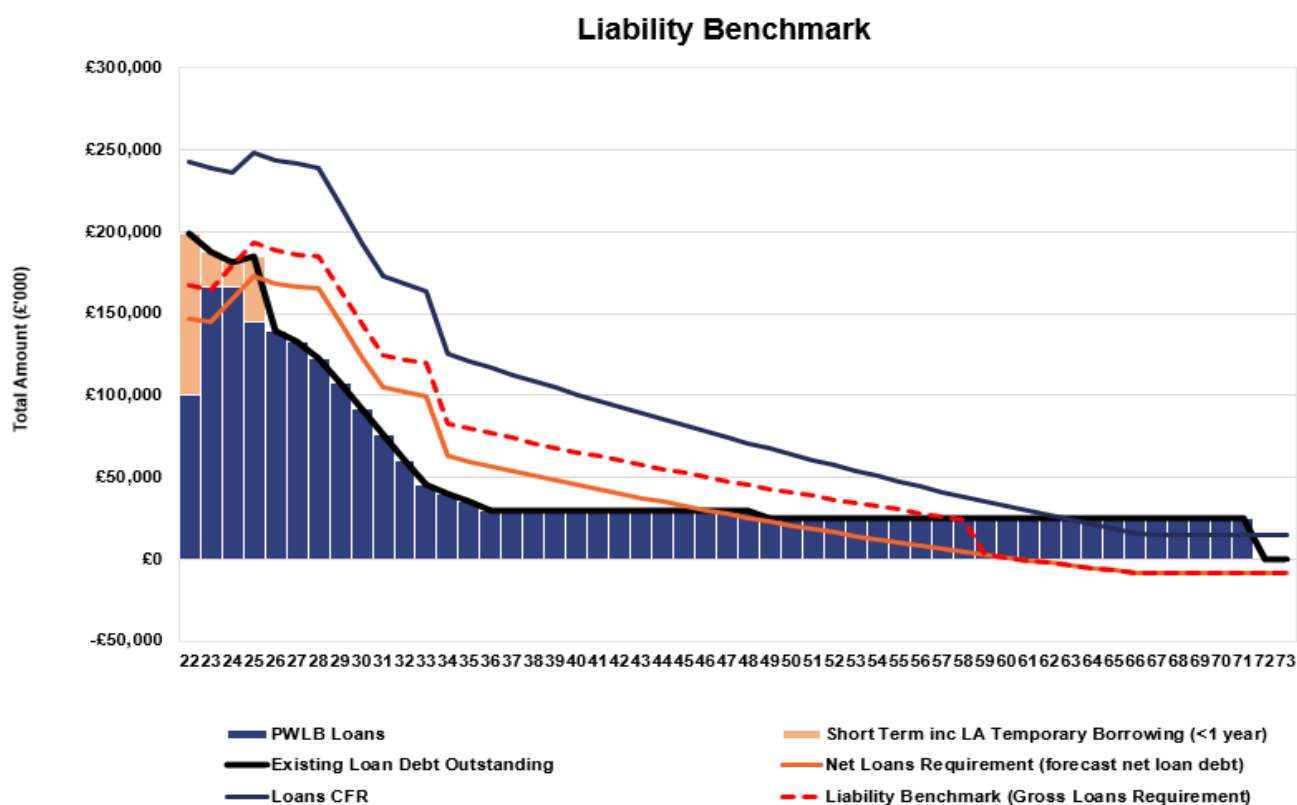
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

- 3.1 The council has continued to pursue its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and borrowing costs. As at the end of March 2024 the council had borrowing of £181m and investments of £22m – a net borrowing position of £159m (31/03/23: £144m) This change is primarily due to a £17m reduction in surplus cash from government grant balances available to be invested which have subsequently been spent.
- 3.2 It is a statutory duty for the council to determine and keep under review the affordable borrowing limits. During the year ending 31 March 2024, the council has operated within the treasury and prudential indicators set out in the council’s Treasury Management Strategy Statement for 2023/24. The Assistant Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.
- 3.3 The Liability benchmark is a prudential indicator which shows the Capital Financing Requirement, loan requirements and committed loans in a 50-year forecast. The graph below demonstrates that the council is expecting its loans to decrease in line with the Capital Financing Requirement. It also demonstrates that the council is not in an overborrowed position. The shortfall between the Capital Financing Requirement and net loan requirement is made up of internal borrowing from reserves and working capital.

Table 1: Liability benchmark



4. Details

Borrowing performance for year ending 31 March 2024

- 4.1 The council requires external borrowing to fund its capital programme and had a total debt of £181m at the report date. The increased cost of borrowing has resulted in the council moving from an equal mix of short and long-term borrowing to predominantly medium to long term loans from the Public Works Loan Board (PWLB) to provide interest rate certainty. This move was made in July 2022 while rates were still comparatively low and has resulted in an average interest rate of just 2.19% for the financial year.
- 4.2 The council's chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

Table 2: Borrowing Position for year ended 31 March 2024

	Borrowing Amount £m	Average Interest Rate	Interest Paid Budget £m	Interest Paid Actual £m	Variance to Date £m
April 2023 to March 2024	172 (average)	2.19%	3.779	3.762	(0.017)
As at 31/03/24	181	2.45%	-	-	-

* Interest payable relates to external loans only, excluding finance lease and other interest

4.3 As a comparison, the table below shows average borrowing rates.

Table 3: High / Low / Average PWLB Rates for 01/04/2023 – 31/03/2024

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.54%	4.99%	4.97%	5.34%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

Source: Link

4.4 Interest payable for the full year is just below the budget. Only one loan was secured in 23/24, at the rate of 5.45%, which is below the 1-year average PWLB rate. A full list of current borrowing at 31 March 2024 is shown below:

Table 4: Borrowing

Lender	Principal Borrowed £m	Maturity Date
PWLB 7-year maturity	21	19/10/2024
West Midlands Combined Authority 1-year maturity	15	13/02/2025
PWLB 6-year maturity	6	25/09/2025
PWLB 7-year maturity	6	19/09/2026
PWLB 5-year maturity	10	26/07/2027
PWLB 10-year maturity	10	31/05/2028
PWLB 6-year maturity	5	26/07/2028
PWLB 7-year maturity	10	26/07/2029
PWLB 10-year maturity	6	25/09/2029
PWLB 8-year maturity	10	26/07/2030
PWLB 11-year maturity	6	19/09/2030
PWLB 9-year maturity	16	26/07/2031
PWLB 10-year maturity	15	26/07/2032
PWLB 15-year maturity	5	31/05/2033
PWLB 15-year maturity	5	25/09/2034
PWLB 16-year maturity	5	19/09/2035
PWLB 30-year maturity	5	31/05/2048
PWLB 50-year maturity	25	10/11/2071
TOTAL	181	

4.5 The council monitors its exposure to refinancing risk with the maturity structure of borrowing indicator. While it is important to have flexibility to navigate changing market conditions is it critical that loan repayments are 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 it into an unfavourable borrowing situation. The percentages of loans that need to be refinanced under 12 months has increased to 19.89% as the £21m PWLB loan

taken in 2017 is maturing in October 2024. The medium to long term loans taken in July 2022 will start maturing in July 2027.

Table 5: Maturity structure of borrowing

Refinancing rate risk indicator	Upper limit	Lower limit	Actual structure
Under 12 months	50%	0%	19.89%
12 months and within 24 months	50%	0%	3.31%
24 months and within 5 years	60%	0%	17.13%
5 years and within 10 years	70%	0%	37.57%
10 years and above	80%	0%	22.10%

Investment performance for year as of 31 March 2024

- 4.6 Funds available for investment are on a temporary basis because the council prioritises keeping borrowing to a minimum and only invests surplus funds retained to meet its commitments. The level of funds available is mainly dependent on the timing of precept payments, receipt of grants and funding of the Capital Programme.
- 4.7 The council has seen an increase in interest income in line with rises in the Bank of England base rate. The short-dated money market investments have performed better than budgeted throughout this year. Table 6 below shows the investment position during and at the end of the reporting period.

Table 6: Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April 23 to March 2024	24 (average)	5.21%	(1.375)	(1.459)	(0.084)
As at 31/03/24	22	5.93%	-	-	-

- 4.8 As a comparison Table 7 below shows average money-market rates keeping in mind that the council has an average investment period of 30 days.

Table 7: Average Investment Rates for the reporting period

	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	28/03/2024	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	5.03	4.96	5.02	5.13	5.23	5.25
Spread	1.00	1.01	1.22	1.17	1.33	1.77

*SONIA (Sterling Overnight Index Average) is an interest rate benchmark published by the Bank of England.
Source: Link

- 4.9 While maintaining a balance between security, liquidity and yield the council is always looking for ways to invest sustainably (or green investments). This must be

done within the criteria laid out in the approved Treasury Management Strategy with counterparties that meet the council's investment criteria.

The council continues to invest in Standard Chartered Bank's sustainable fixed deposit (aligned to the United Nations' Sustainable Development Goals) while three of the Money Market funds meet the criteria pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088). These are highlighted in green in Table 8. A full list of current investments is shown in Table 8 below:

Table 8: Investments

Counterparty	Principal Deposited £m	Maturity Date / Notice period
Fixed Term Deposits		
Eastleigh Borough Council	3.00	11/04/2024
Bedford Borough Council	2.00	22/04/2024
Babergh District Council	3.00	22/05/2024
West Berkshire District Council	5.00	22/05/2024
Money Market Funds		
Legal & General Investment Management	3.40	Same day
Federated Investors UK	3.00	Same day
Northern Trust Asset Managements	2.27	Same day
CCLA Investment Management Limited	0.02	Same day
Goldman Sachs Asset Management	0.23	Same day
TOTAL	21.92	

4.10 Compliance with investment limits are detailed in Table 9 below:

Table 9: Investment Limits

Counterparty	2023/24 Limit £m	Complied?
UK Central Government	Unlimited	Yes
Other Local Authorities	5 each	Yes
Any group of organisations under the same ownership	5 per group	Yes
Approved counterparties – Banks/Building Societies	3 each	Yes
Any group of pooled funds under the same management	5 per manager	Yes
Money Market Funds total	15 in total	Yes

4.11 The council has set limits for long term Treasury Management Investments in its strategy. This indicator seeks to support control of liquidity risk and reduce the potential need to have to make an early exit from an investment in order to recover

funds. The indicator relates solely to the council's investments for treasury management purposes.

Table 10: Limits for Long Term Treasury Management Investments

	2023/24 Limit set £m	Complied?
Limit on principal invested beyond year end	5	Yes

Non-treasury investment activity

- 4.12 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the council. This is replicated in the government's Statutory Guidance on Local Government Investments, in which the definition of investments is further broadened to also include all such assets that provide a financial return.
- 4.13 As of 31 March 2024, the council holds £102.4m of investments that qualify under the code in the form of shares (£35.6m) and loans (£66.8m) to subsidiary companies and other organisations, primarily Graven Hill and Crown House. This year the council received its first dividend from Graven Hill of £0.5m.
- 4.14 The loan elements of these non-treasury investments generate a higher rate of return than that earned on treasury investments due to the commercial nature of the loans issued. Table 11 below shows the investment position for this reporting period.

Table 11: Non-treasury Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April 23 to March 2024	70.96 (average)	7.04%	(5.070)	(5.649)	(0.579)
As at 31/03/24	66.20	6.21%	-	-	-

Overall performance

- 4.15 The overall performance for the 2023/24 financial year is:

Table 12: Overall Treasury Position

	Budget 23/24 £m	Actual 23/24 £m	Variance to date £m
Borrowing costs	3.779	3.762	(0.017)
Finance lease and other interest	0.253	0.924	0.671
Treasury income	(1.375)	(1.459)	(0.084)
Non-treasury income	(5.070)	(5.649)	(0.579)
Transferred to Reserves	1.447	1.447	0
Total cost/(income)	(0.966)	(0.975)	(0.009)

- 4.16 There were two budget variances worth noting at year end. The variance within Finance Leases and Other Interest relates predominantly to the interest due to be accrued to S106 funds held which was at a higher interest rate than budgeted. This was offset by the unbudgeted dividend from Graven Hill of £0.500m within Non-treasury income.
- 4.17 While the Treasury budget shows that it delivered a small surplus for the year, £1.447m was also transferred to the Market Risk Reserve and the Interest Rate Equalisation Reserve during 2023/24, meaning there was a surplus before approved in-year transfers to reserves on Treasury Management activities of £1.456m.

Interest rate forecast

- 4.18 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 latest forecast sets out a view that short, medium and long-dated interest rates will be elevated for the next year, as the Bank of England seeks to further reduce inflation. The Medium Term Financial Strategy has been prepared according to these forecasts.

Table 13: Link Forecast Rates published on 25 March 2024

Link Group Interest Rate View	25.03.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To request further information on the performance reported.

6 Conclusion and Reasons for Recommendations

- 6.1 This report details the Treasury Performance for the council for the year ending 31 March 2024. It is submitted to the Council for information as required by the Treasury Management Code of Practice.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	N/A

Document Information

Appendices	
Appendix 1	Prudential Indicators
Background Papers	None
Reference Papers	Treasury Management Strategy 2023-2024 Treasury Management 2023-2024 Mid-Year Review Treasury Management Report - Q3 2023/2024 (December 2023)
Report Author	Janet du Preez – Finance Business Partner – Treasury and Insurance
Report Author contact details	Janet.du-preez@cherwell-dc.gov.uk 01295 221606

Appendix 1 – Capital Prudential Indicators

1. Introduction

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

The indicators laid out in this appendix are required to help Members understand and evaluate the prudence and affordability of the Authority's capital expenditure plans and the borrowing and investment activities undertaken in support of this.

2. Capital Expenditure

This provides a summary of the Authority's capital expenditure. It reflects matters previously agreed and those proposed for the forthcoming financial periods. The extent to which such expenditure is to be financed will influence how the council's Capital Financing Requirement Indicator (see point 3 below) will change.

Table A1: Capital Expenditure

	Actual 23/24 £m	Estimate 24/25 £m	Estimate 25/26 £m	Estimate 26/27 £m
Service Loans	9.0			
Capital Projects	13.3	26.8	5.8	3.8
New Finance Lease and PFI				
New Projects (not yet approved by Full Council)				
Total Capital Expenditure	22.3	26.8	5.8	3.8
Financed by:				
Capital Receipts (Asset Disposals)			(4.5)	
Capital Receipts (Loan Principal)	(15.1)			
Revenue Contributions				
Grants and other contributions (existing projects)	(5.2)	(10.8)	(1.3)	(1.2)
Grants and other contributions (new projects)				
Finance Lease and PFI liabilities				
Total financing	(20.1)	(10.8)	(5.8)	(1.2)
Net financing need for year	2.1	16.0	0.0	2.6

From this indicator it can be seen that a significant portion of the council's capital expenditure is financed from capital receipts or grants. The following indicators

show that the residual amounts that require financing from the revenue budget are proportionate and affordable.

3. Capital Financing Requirement

The Capital Financing Requirement (CFR) shows the difference between the Authority's capital expenditure and the revenue or capital resources set aside to finance that spend.

The CFR will increase where capital expenditure takes place and will reduce as the Authority makes Minimum Revenue Provision (MRP) or otherwise sets aside revenue or capital resources to finance expenditure.

Table A2: Capital Financing Requirement

	Actual 23/24 £m	Estimate 24/25 £m	Estimate 25/26 £m	Estimate 26/27 £m
Opening CFR	238.6	236.3	248.2	243.60
Capital Spend	22.3	26.8	5.8	3.8
Resources used	(20.2)	(10.8)	(5.8)	(1.2)
MRP	(4.4)	(4.1)	(4.6)	(4.9)
Closing CFR	236.3	248.2	243.60	241.3

This indicator shows that the total financing requirement is estimated to stay relatively level across the next three years. Each year the council sets a prudent MRP policy that will set aside revenue resources to finance capital expenditure over the life of the assets.

4. Gross Debt and the Capital Financing Requirement

An authority should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes.

The Authority 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.

If the level of gross borrowing is below the Authority's capital borrowing need – the CFR – it demonstrates compliance with the requirement of this Indicator.

Table A3: Gross Debt & Capital Financing Requirement

	Actual 23/24 £m	Estimate 24/25 £m	Estimate 25/26 £m	Estimate 26/27 £m
CFR	236.3	248.2	243.60	241.3
Gross borrowing	181.0	185.0	181.0	181.0
Under / (over) borrowing	55.3	63.2	62.6	60.3

This indicator shows that the council is under borrowed, and so that debt is only being used to support capital expenditure. Under borrowing indicates that the council has been prudent and used internal borrowing to reduce the interest cost that is associated with external borrowing.

5. Operational Boundary and Authorised Limit

Estimated gross borrowing together with the level of other long-term liabilities are used to reveal the possible level of external debt. This clarifies the Authority's overall level of possible external debt in comparison to the Authority's Operational Boundary and Authorised Limit.

The Operational Boundary is the limit beyond which external debt is not normally expected to exceed.

Unlike the Authorised Limit, the Operational Boundary is not an absolute limit, but it reflects the Authority's expectations of the level at which external debt would not ordinarily be expected to exceed.

Table A4: Estimated Debt, Operational Boundary and Authorised Limit

	24/25 £m
Borrowings	185.0
Internal Borrowing	63.2
Other long-term liabilities	28.7
2024/25 Debt Estimate	276.9
2024/25 Operational Boundary	290
2024/25 Authorised Limit	310

The council continues to have debt below its operational boundary, indicating that the council is effectively managing its debt and cashflows.

6. Financing cost to Net Revenue Stream

This Indicator shows the trend in the cost of capital (borrowing and other long-term obligation costs) against the net revenue stream. Funding includes income such as Council tax, Business Rates as well as new homes bonus and revenue support government grants but excludes income from investments.

The forecast is in line with the approved Capital Strategy.

Table A5: Ratio of Financing costs to Net Revenue stream

	Actual 23/24 £m	Estimate 24/25 £m	Estimate 25/26 £m	Estimate 26/27 £m
Interest costs on existing borrowing	4.0	5.0	4.8	4.9
MRP	4.4	4.1	4.6	4.9
Total Financing Costs	8.4	9.1	9.4	9.8
Funding	28.8	27.0	22.0	19.5
Non-specific grant income	3.0	3.5	0.0	0.0
Net Revenue Stream	31.8	30.5	22.0	19.5
Ratio of Financing costs	26.5%	29.7%	42.9%	50.5%

This indicator shows that the ratio of financing costs to net revenue streams is high, however what this 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 the commercial assets acquired as part of the regeneration programme. See item 7 below for detail on this.

7. Net Income from Service Investment Income to Net Revenue Stream

The next indicator is the Net income from Commercial and Service investments Income to Net Revenue Stream. This Indicator shows the financial exposure of the Authority to the loss of its non-treasury investment income.

The Council does not hold any commercial investments. All investments that are not treasury related are service investments, the majority relating to housing and regeneration.

Table A6: Ratio of Investment Income to Net Revenue stream

	Actual 23/24 £m	Estimate 24/25 £m	Estimate 25/26 £m	Estimate 26/27 £m
Income from long term investments	5.1	4.5	4.5	4.6
Income from assets	4.4	5.4	7.9	7.9
Total Investment income	9.5	9.9	12.4	12.5
Funding	28.8	27.0	22.0	19.5
Non-specific grant income	3.0	3.5	0.0	0.0
Net Revenue Stream	31.8	30.5	22.0	19.5
Ratio of investment income	29.9%	32.4%	56.6%	63.9%

The last two ratios do detail, as much of the debt was incurred with the expectation of non-treasury investment income that would in part offset the financing costs. Deducting the Ratio of net income from Service Investments from the Ratio of Financing costs reveals the affordability ratio.

Table A7: Affordability Ratio

	Actual 23/24	Estimate 24/25	Estimate 25/26	Estimate 26/27
Ratio of Financing costs	26.5%	29.7%	42.9%	50.5%
Ratio of Investment income	29.9%	32.4%	56.6%	63.9%
Affordability ratio	(3.4%)	(2.7%)	(13.6%)	(13.5%)

There is no established Local Authorities benchmark for this ratio as activities differ widely. Interest earned on Treasury investment is not taken into account 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 the Council is receiving a small return on its investments in 23/24 and is forecasting a similar return in 24/25. In the next two financial years the return is forecast to increase based on assumptions around reducing void tenant costs.

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Motions to Council

Monday 15th July 2024

Motion proposer: Councillor Lynne Parsons

Motion seconder: tbc

Topic: Mental Health Initiative

The Labour Group would like to increase the impact of the existing mental health programme which was started by the Youth Activators in conjunction with the mental health charity MIND. It is proposed that this is achieved by making the programme longer and available through all schools, which we can achieve by partnering with the North Oxfordshire School Sports Partnership to identify schools where there were higher levels of need reported initially.

Providing a 12-week programme in 11 schools per term will result in all schools in the district benefitting within two years. The proposal would also target academic years 5 and 6 in primary and year 7, 10 and 11 in secondary as transition years.

The cost of the proposal is £0.035m per year and is proposed on an ongoing basis. Funding can be provided from the general contingency budget within Policy Contingency.

This council resolves to ask the Executive to increase spending on the mental health initiatives currently in place within the Chief Executive's directorate to be funded by an allocation from the Policy Contingency budget.

Motion proposer: Councillor Eddie Reeves

Motion seconder: tbc

Topic: Spare Seats Scheme

Oxfordshire County Council has not run its Spare Seats scheme for school bus places well in recent years. Parents and carers have too often been left in an unenviable position following changes, with consultation of Cherwell District Council too often lacking about changes affecting its wards and schools.

On 26 June, the Oxford Mail reported that:

“Oxfordshire County Council is withdrawing its Spare Seats scheme for pupils travelling from Middle Barton and The Bartons villages to Chipping Norton School.

“It follows a furore last year when the council scrapped the scheme on nine routes, affecting more than 200 children including at Wheatley Park School, The Warriner in Bloxham and Wood Green in Witney.

Parental choice remains an important principle of the current education settlement and will remain so unless changed by a new government. Whilst such a principle remains, it is important that local government works with maintained schools and academies to facilitate transport to families’ preferred schools at reasonable cost.

Given that County Hall’s most recent cancellations would appear to imperil this important principle, the Council requests that its Leader write to the Leader of Oxfordshire County Council setting out in clear terms that, in future, Cherwell District Council would expect to be more fully consulted upon all such changes affecting families across North Oxfordshire.

Motion proposer: Councillor Eddie Reeves

Motion seconder: tbc

Topic: Consultation on Congestion Charge

On 14 February, Oxfordshire County Council considered setting up a Congestion Commission as part of its last budget debate. Although this measure was not taken up at the time, this Council now considers that it is time for such commission to ensure that commuters into Oxford have a meaningful voice about how any policy changes planned in County Hall affect their working lives.

This Council further notes that the administration at Oxfordshire County Council has refused to rule out extending measures currently planned for Oxford to Banbury, Bicester and Kidlington, despite concerns from local businesses about the health of our high streets.

Such measures include Oxfordshire County Council's ambitious suite of traffic filters, workplace parking tax and Low-Traffic Neighbourhoods, none of which have been ruled out for Cherwell in future.

Were all such measures to go ahead, Oxfordshire motorists and working people could be hit by £57million in fines and charges over a five-year period as follows:

- Zero Emissions Zone: £25m;
- Workplace Parking Levy: £21m;
- Traffic Filters: £11m.

This Council requests that its Leader write to the Leader of Oxfordshire County Council requesting that Cherwell District Council be fully consulted before any plans are put in train or capital expenditure committed to introduce similarly restrictive measures across North Oxfordshire,, mindful of this Council's need to protect our high streets and local economy.

Motion proposer: Councillor Eddie Reeves

Motion seconder: tbc

Topic: Member Briefings

This Council notes that, by the time of its next elections in 2026, it will have been in No Overall Control for three years. Mindful that a new approach to local politics is required, this Council resolves to:

- i) Ask the Chief Executive to consider and ensure that ‘all member’ briefings on forthcoming policy matters of concern are offered as standard practice; and allow designated frontbench spokespeople from political groups to attend relevant Director briefings, for example, in connection with non-confidential items; and
- ii) Ask that the Constitution Review Group consider whether the formal designation of opposition spokespeople should now be enshrined in the Council’s constitution.