Public Document Pack

Committee: **Budget Planning Committee**

Date: **Tuesday 20 January 2026**

Time: **6.30 pm**

Venue: **39 Castle Quay, Banbury, OX16 5FD**

Membership

Councillor Edward Fraser Reeves (Chair)
Councillor Dom Vaitkus (Vice-Chair)
Councillor Tom Beckett
Councillor Gordon Blakeway
Councillor Mark Cherry
Councillor Andrew Crichton
Councillor Frank Ideh
Councillor Zoe McLernon
Councillor Robert Parkinson
Councillor Rob Pattenden
Councillor Les Sibley
Councillor Barry Wood

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

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

3. Minutes (Pages 5 - 12)

To confirm as a correct record the minutes of the meeting held on 9 December 2025.

4. Chair's Announcements

To receive communications from the Chair.

5. Requests to Address the Meeting

The Chair to report on any requests to address the meeting.

6. **Urgent Business**

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

7. **Capital and Investment Strategy 2026-27** (Pages 13 - 56)

Report of Assistant Director of Finance (S151 Officer)

Purpose of report

To submit the draft Capital and Investment Strategy for 2026-27 for recommendation by the committee to the Executive.

Recommendations

The Budget Planning Committee resolves:

1.1 To recommend the draft Capital and Investment Strategy for 2026-27 (Appendix 1) to Executive.

8. **Review of Reserves** (Pages 57 - 74)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To update Budget Planning Committee on the Review of Reserves that has taken place in preparation of the budget for 2026/27 and the Medium-Term Financial Strategy 2025/26 – 2030/31.

Recommendations

The Budget Planning Committee resolves:

1.1 To note the outcome of the review of reserves and the forecast over the Medium-Term Financial Strategy period.

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

9. **November Monthly Performance Report 2025-2026** (Pages 75 - 98)

Report of Assistant Director of Finance (Section 151 Officer).

Purpose of report

To report to the committee the council’s financial position at the end of the financial year 2025-2026.

Recommendations

1. To note the contents of the report

10. Exclusion of Press and Public

The following report(s) contain exempt information as defined in the following paragraph(s) of Part 1, Schedule 12A of Local Government Act 1972.

3– Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item(s) have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to resolve as follows:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

11. November Monthly Performance Report 2025-2026 - Exempt Appendix (Pages 99 - 100)

12. Readmittance of the Public and Press

The Budget Planning Committee to resolve to readmit the public and press to the meeting.

13. Review of Committee Work Plan (Pages 101 - 102)

To review the Committee Work Plan.

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

Information about this Meeting

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.

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Queries Regarding this Agenda
Please contact Matt Swinford, Democratic and Elections Team democracy@cherwell-dc.gov.uk, 01295 221534

Shiraz Sheikh
Monitoring Officer

Published on Monday 12 January 2026

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at 39 Castle Quay, Banbury, OX16 5FD, on 9 December 2025 at 6.30 pm

Present:

Councillor Edward Fraser Reeves (Chair)
Councillor Dom Vaitkus (Vice-Chair)
Councillor Tom Beckett (also, Portfolio Holder for Greener Communities)
Councillor Gordon Blakeway
Councillor Frank Ideh
Councillor Zoe McLernon
Councillor Robert Parkinson (also, Portfolio Holder for Safer Communities)
Councillor Rob Pattenden (also, Portfolio Holder for Healthy Communities)
Councillor Les Sibley
Councillor Barry Wood

Substitute Members:

Councillor Amanda Watkins (In place of Councillor Mark Cherry)

Apologies for absence:

Councillor Mark Cherry
Councillor Andrew Crichton

Also Present:

Councillor David Hingley, Leader of the Council
Councillor Lesley McLean, Deputy Leader and Portfolio Holder for Finance, Regeneration and Property
Councillor Chris Brant, Portfolio Holder for Corporate Services
Councillor Jean Conway, Portfolio Holder for Planning and Development Management
Councillor Nick Cotter, Portfolio Holder for Housing
Councillor Ian Middleton, Portfolio Holder for Neighbourhood Services
Councillor John Broad

Officers:

Nicola Riley, Interim Executive Director Neighbourhood Services
Michael Furness, Assistant Director Finance & S151 Officer
David Peckford, Assistant Director Planning
Joanne Kaye, Head of Finance and Deputy S151 Officer

Matt Swinford, Democratic and Elections Officer
Natasha Clark, Governance and Elections Manager

Officers Attending Virtually:

Gordon Stewart, Chief Executive
Stephen Hinds, Executive Director Resources
Ed Potter, Assistant Director Environmental Services
Mona Walsh, Assistant Director - Property
Tim Hughes, Head of Regulatory Services & Community Safety
Heidi Radcliffe Hill, Interim Head of Chief Executive's Office
Richard Smith, Head of Housing
Tom Darlington, Kidlington Area Lead Officer

20 **Declarations of Interest**

There were no declarations of interest.

21 **Minutes**

The Minutes of the meeting of the Committee held on 16 September 2025 were agreed as a correct record and signed by the Chair.

22 **Chair's Announcements**

There were no Chair's announcements.

23 **Requests to Address the Meeting**

There were no requests to address the meeting.

24 **Urgent Business**

There were no items of urgent business.

25 **Budget Proposals 2026/27 - 2030/31**

The Assistant Director of Finance (S151 Officer) submitted a report that set out the capital bids, investments, efficiencies and income charges for Cherwell District Council for the period 2026/27 to 2030/31.

In introducing the report, the Portfolio Holder for Finance, Regeneration and Property explained that uncertainties around government funding (anticipated business rates reset and fair funding proposals that changed the core funding that the Council receive), rising costs, and growing demands on services had made planning for the 2026/27 budget and updated Medium Term Financial Strategy (MTFS) very challenging.

The Government's Policy Statement on local government funding for 2026/27 to 2028/29 had been published on 20 November 2025. Whilst it provided an outline of the policy settings that would be used, details of the provisional settlement would not be announced until the week commenced 15 December 2025. At the time of publishing the report, all funding forecasts were based on modelling provided by the council's funding advisors. To balance the budget, consultation on £1.8 million of new savings proposals and operational efficiencies for next year to help mitigate the impact of the funding changes, was underway.

In February 2026, as part of their proposed budget for 2026/27, the Executive would consider feedback from Budget Planning Committee on the budget proposals and consider feedback from the public on the budget consultation. In determining which of the budget proposals would be included in the proposed budget for 2026/27, the Executive would also consider the outcome of the Provisional Local Government Finance Settlement and other resources available through Council Tax and Business Rates.

The Assistant Director of Finance gave a presentation which provided an update on the council's Medium Term Financial Strategy (MTFS). When the current budget had been agreed in February 2025, there was an identified funding gap for 2026/27 of £5 million. Calculating over the MTFS period, the annual ongoing gap of the budget identified £16 million savings would need to be identified.

The Assistant Director of Finance advised that the Council had received confirmation that the grant for 2026/2027 would be of £1.7million, £300k more than was budgeted for in the previous. It was anticipated that this amount would be received on an ongoing basis and £1.7million would therefore be built into the budget and MTFS for future years.

Throughout the year, figures had been revised to reflect improvements, investment proposals and the efficiencies that were currently being consulted on, as well as confirmation in the Government Fairer Funding consultation that a number of grants the council previously received would be rolled into the overall funding to the council. There was a £1.8million improvement in 2026/27 compared to the position in February 2025 and an ongoing impact of £7million.

In response to a question regarding how the council would use any additional monies, if received, under the retained pooling income, the Portfolio Holder for Finance, Regeneration and Property advised that not all information had yet been received. Once the Government had concluded its consultation and finalised and published all information, it would then be know what the financial position would look like for the council and a strategy would be made accordingly.

Executive Portfolio Holders, gave an overview of the pressures, proposed savings, and capital bids by service area within each directorate and answered questions from the Committee, supported by officers.

In response to a question in relation to the Housing capital bid of £3million (CAP2607) to acquire property to serve as temporary accommodation, the Interim Executive Director Neighbourhood Services explained confirmed that this accommodation would not count towards housing revenue account because it would be temporary and no occupancy rights given. Rather occupants would move on to social or private rented accommodation.

In considering Regulatory Services saving of £19k, ERG2061- Regulatory Services Resource Optimisation, which related to work the service had been undertaking to streamline processes and use digital solutions for efficiencies which would result in a saving without any reduction in the service provided to customers and the public, the Portfolio Holder for Safer Communities agreed that a written response with further information on the changes would be provided to Committee members.

In response to a Committee query on the proposed saving in Environmental Services (EEV12601) to explore moving to a three-weekly green bin (residual waste) collection, the Portfolio Holder for Neighbourhood Services confirmed that further benchmarking would be undertaken. The saving would arise from a reduced amount of waste passed to Oxfordshire County Council (OCC) as disposal authority. This would save OCC money on emissions trading and it was hoped that OCC would give CDC money back. Agreement had not yet been reached on this but other Oxfordshire authorities were also considering the same process.

In considering the saving proposal, Committee members noted that whilst it was included in the budget consultation, there should also be a standalone consultation. The Committee commented that it would be useful to have further information on £265k saving.

It was proposed by Councillor Reeves and seconded by Councillor McLernon that the Executive be requested to give consideration to carrying out a specific consultation on the proposed move to a three-weekly residual waste bin collection. On being put to the vote, the motion was carried.

It was proposed by Councillor Reeves and seconded by Councillor Vaitkus that the Executive provide further information to the Committee regarding how the £265k saving (EEV12601, Three-weekly residual waste collections) nets out and was profiled over the MTFS. On being put to the vote, the motion was carried.

In response to queries on the proposal to close the toilets at Pioneer Square, Bicester (EV12605) which were in a convenient location for persons visiting the town, the Assistant Director of Environmental Services advised that toilet facilities in Bicester Town Centre at Claremont car park would be retained and these met Changing Places standards.

In considering Environmental Services saving proposal EEV22601, Reduced frequency of OCC highway verge mowing in Banbury, Bicester and Kidlington, it was proposed by Councillor Wood and seconded by Councillor Sibley that the Executive be requested to give consideration to the amount contributed by Town/Parish Councils, which supplemented the funding provided by the OCC Agency Agreement Grant. On being put to the vote, the motion was carried.

Resolved

(1) That, having given due consideration, the Budget Planning Committee provide the following feedback to Executive on the capital bids, investments, efficiencies and income changes in the 2026/27 budget proposal.

- That the Executive be requested to give consideration to carrying out a specific consultation on the proposed move to a three weekly residual waste (green bin) collection (saving reference EEV12601, Three-weekly residual waste collections).
- That the Budget Planning Committee be provided with further information on how the 265k saving (reference EEV12601, Three-weekly residual waste collections) nets out and is profiled over the MTFS.
- That the Executive be requested to give consideration to the Town/Parish Council contribution in regard to the proposed saving of reduced frequency of Oxfordshire County Council highways verge mowing (saving reference EEV22601, reduced frequency of OCC highway verge mowing in Banbury, Bicester & Kidlington).

26 **Fees and Charges Benchmarking 2026/27**

The Assistant Director of Finance (S151 Officer) submitted a report to provide information to the Committee on proposed Fees and Charges as compared to some other districts to feed back to the Executive as part of the 2026/27 Budget and Business Planning Process.

In response to a question on the proposed percentage increase for table and chairs consent, the Head of Regulatory Servies and Community Safety advised that a consultation was underway on the new Policy, including the fees. The Leader of the Council confirmed that he would ask the Portfolio Holder would investigate further with officers. The Portfolio Holder for Finance, Regeneration and Property subsequently clarified that the higher uplift was a result of calculating differently,

In response to a comment from the Committee that the proposed car parking fee increase was above inflation (CPI) and query if consideration could be given to providing free parking for up to two hours in council operated car parks, in particular in Bicester, potentially through money earmarked for the market square project, the Portfolio Holder for Finance, Property and Regeneration advised that the market square funding was fairly specific but undertook to look into the matter. The Portfolio Holder for Finance, Property and Regeneration highlighted that two hours free parking was already available at the Sainsburys car park for in Bicester. Executive would nonetheless consider consultation responses in respect of this, however should any action be taken, there would be an impact on other services as funds would need to be founds.

It was proposed by Councillor Sibley and seconded by Councillor Wood that the Executive be requested to give consideration to reducing the proposed increase in car parking fees. On being put to the vote, the motion was lost and subsequently fell.

27 October Monthly Performance Report 2025-2026

The Assistant Director of Finance (Section 151 Officer) submitted a report to update the Committee on the council's financial positions at the end of the financial year 2025/2026 as at 31 October 2025.

In introducing the report, the Portfolio Holder for Finance, Property and Regeneration advised that the year-end revenue position for 2025/26 at the end of October was a projected overspend of £0.400m.

Since September, the overall position had worsened by £0.292m, which was mainly due to increased pressures in Resources of £0.102m and Neighbourhood Services of £0.162m, which reflected rising operational costs and demand pressures. Offsetting these overspends were significant and stable underspends in Executive Matters (£1.269m), Policy Contingency (£1.100m), which together provided a strong mitigating effect against directorate-level increases.

Resolved

(1) That the report be noted

28 Review of Committee Work Plan

The Committee considered its work plan. Following the discussion under agenda item 8 (Minute 26) on car parking fees Cherwell District Council (CDC) operated car parks, Councillor Sibley requested that an item detailing revenue from car parking fees in CDC operated car parks be submitted to the 10 March 2026 meeting. The Chair and Vice-Chair undertook to liaise with officers to agree the scope of the item.

Resolved

That, subject to a Committee request for an additional item, a report on the fee revenue from Cherwell District Council operated car parks to the 10 March 2026 meeting, the work programme be noted.

The meeting ended at 8.51 pm

Chair:

Date:

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This report is public	
Capital and Investment Strategy 2026-27	
Committee	Budget Planning Committee
Date of Committee	8 January 2026
Portfolio Holder presenting the report	Portfolio Holder for Finance and Resource, Councillor McLean
Date Portfolio Holder agreed report	30 December 2025
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

To submit the draft Capital and Investment Strategy for 2026-27 for recommendation by the committee to the Executive.

1. Recommendations

The Budget Planning Committee resolves:

1.1 To recommend the draft Capital and Investment Strategy for 2026-27 (Appendix 1) to Executive.

2. Executive Summary

2.1 The Capital and Investment Strategy must be approved by Full Council annually and must satisfy the requirements of government legislation and CIPFA guidance.

2.2 The draft strategy is brought to the Budget Planning Committee for review and comment, and to be recommended to Executive.

Implications & Impact Assessments

Implications	**Commentary**			
Finance	There are no financial implications arising directly from this report. However, the strategy lays out the council's approach to capital and investments which are vital to ensuring the council remains in a strong financial position. Joanne Kaye, Head of Finance, 24 December 2025			
Legal	The requirement for the strategy documents stems from: Section 15(1) Local Government Act 2003; Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. As a result, the Council is required to have regard to: Statutory Guidance on Local Government Investments Statutory Guidance on Minimum Revenue Provision (MRP) CIPFA's Prudential Code Shiraz Sheikh, Monitoring Officer/ AD Law & Governance, 24 December 2025			
Risk Management	There are no risk management implications arising directly from any outcome of this report. The Capital and Investment strategy demonstrates how the council manages capital and investment risk. Risks are escalated as and when necessary to the leadership risk register. Celia Prado-Teeling, Performance Team Leader, 24 December 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A

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	None			

Supporting Information

3. Background

3.1 The **Capital Strategy** demonstrates how the council takes capital expenditure decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

3.2 The **Investment Strategy** relates only to non-treasury management investments. The purpose of the strategy is to demonstrate how the council:

- Makes investment decisions (governance, advice taken etc)
- Demonstrates investments are tied to corporate objectives
- Assesses and monitors risk
- Assesses and monitors return
- Ensures there is appropriate capacity, skills and culture to support its strategy

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

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

4. Details

4.1 The draft Capital and Investment Strategy is attached at Appendix 1.

4.2 The key changes for the Capital and Investment Strategy 2026-27 in comparison to the strategy for 2025-26 are:

- the annual Minimum Revenue Provision statement has been expanded in line with the new statutory guidance; however, the underlying policy and methodology is unchanged. The full statement is included as Annex A of Appendix 1.

- The operational boundary, which is the prudential indicator estimating the maximum level of external debt for the year in the most likely scenario, has been reviewed and reduced from £200m to £199m. More details of this change are included in section A6.2 of appendix 1.

5. Alternative Options and Reasons for Rejection

5.1 There are no alternative options to setting a Capital and Investment Strategy as this is required for all local authorities.

6 Conclusion and Reasons for Recommendations

6.1 The Council must establish and approve an updated Capital and Investment Strategy that complies with CIPFA's revised Prudential Code for Capital Finance in Local Authorities (2021 edition) and Prudential Code Guidance Notes for Practitioners (2021 edition), CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2021 edition) and revised Statutory Guidance on Local Government Investments (Third Edition). Guidance requires the Strategy to be approved by Full Council on an annual basis and, moreover, that any mid-year material changes to the Strategy must also be subject to Full Council approval.

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	All

Document Information

Appendices	
Appendix 1	Capital and Investment Strategy 2026-27
Background Papers	None
Reference Papers	None
Report Author	Mary Denedo, Strategic Finance Business Partner
Report Author contact details	Mary.denedo@cherwell-dc.gov.uk, 01295 227941
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Michael Furness, Assistant Director of Finance (S151 Officer) 30 December 2025

CAPITAL AND INVESTMENT STRATEGY

2026/2027

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 identified 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 2026-27 Business plan, namely:

- Economic prosperity
- Community leadership
- Environmental stewardship
- Quality housing and place making

The council also incurs capital costs to facilitate the delivery of its support services and smooth running of council functions.

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.

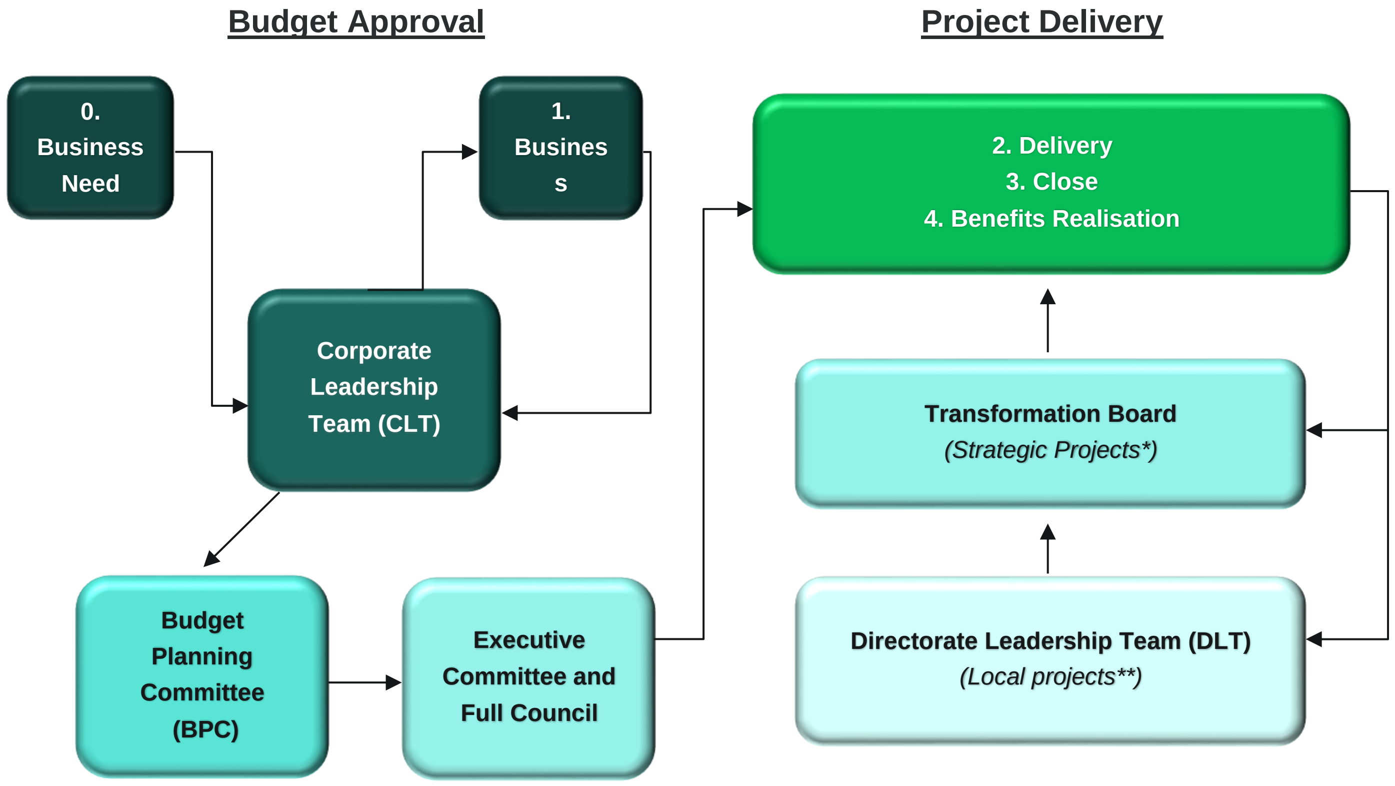
The Prudential Code for Capital Finance sets out that to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in 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, Project Governance and Carbon Impact Assessments

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

Responsibility for reviewing and progressing capital proposals is held by the Corporate Leadership Team (CLT), or as delegated as appropriate, alongside the Budget Planning Committee. 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 Governance Framework

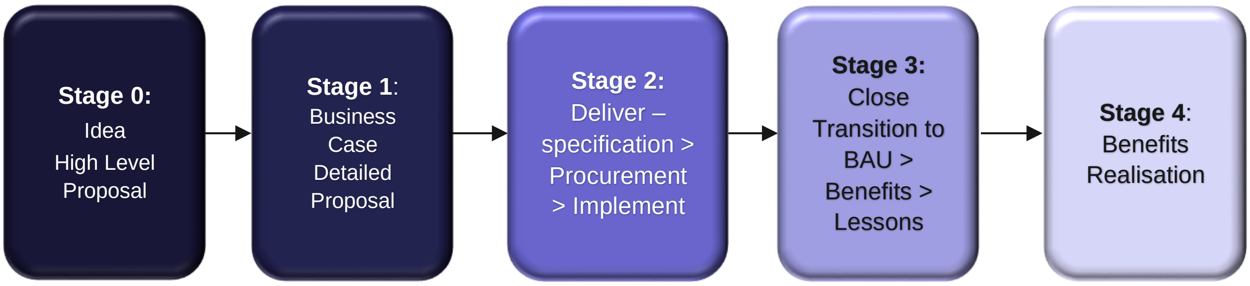


*****Strategic Projects*** *are those that are identified to be* *<u>key to achieving a strategic objective</u>* *or be underpinned by* *<u>significant financial investment</u>* *or result in a change on a* *<u>significant number of customers and/or staff</u>. A project board will be responsible for appropriate project governance to oversee, ensure and support successful delivery.*

******Local Projects*** *are important to achieving the Council's strategic objectives, but* *<u>carry less risk</u>* *and therefore, responsibility for project governance and oversight will be within the directorate and relevant service area.*

The capital process has five stages which are depicted in the diagram below:

Diagram A2.2: Capital Process



Stage 0 - Business Need – High Level Proposal

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 priorities it aligns with and a high-level budget outline, estimating both capital and revenue impact and any identified sources of capital funding. Bids are first considered by the Directorate Leadership Team level (DLT) and then by the Corporate Leadership Team (CLT) (or the delegated authority), which takes a decision on progression of the scheme to stage 1.

Stage 1 - Business Case: Detailed Proposal

Progression through stage 1 requires the development of a more detailed business case which should include 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 officers 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 impact, including the assessment of impact through a Carbon Impact Matrix (further details below) and any stakeholder engagement. CLT will consider business cases and provide feedback to officers, with recommendations made on progression of the project to stage 2. subject to consultation and formal approval by the Executive and Full Council. If the business case requires further work, the project may be paused and reworked for discussion at a future CLT, or postponed. As part of stage 1, 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).

Projects proposed to be included in the Council’s capital programme are consulted on externally via public consultation 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.

Capital schemes may occasionally be required to be approved in-year outside of the Business Planning Process, e.g. due to late notification of grant funding award or urgent health and safety works. In-year schemes will be required to have a stage 1 business case completed and signed off by the appropriate officer/body in-line with part 19 of the Council's Constitution.

Stage 2 – Delivery

Approved projects in the capital programme 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. Project managers are required to report progress and escalate issues through the Transformation Board for Strategic level projects, and the Directorate Leadership Team for Local Projects. All capital projects and programmes are reviewed quarterly as part of routine budget management, which provides an opportunity to review project costs against budget and escalate potential areas of concern with senior management. The outputs from routine budget management processes feed into the Finance Capital reporting to the Executive, this reporting includes narrative which provides non-financial updates on capital projects.

Stage 3 – Close

When the project has delivered the expected outputs, the project can be closed. At stage 3, the project manager will produce a project closure report that includes a summary of delivery and outputs, a benefits realisation plan, lessons learnt and agreed outstanding actions. The project closure report will be presented to the relevant governance board/group to gain approval to close the project.

Stage 4 - Benefits Realisation

Stage 4 covers benefits realisation. In some cases, projects deliver benefits that can only be measured post closure of the project, the details of which are included in the benefits realisation plan produced at stage 3.

Carbon Impact Assessment and Monitoring

Carbon Impact Assessment

The council recognises that to deliver upon its corporate priority of environmental stewardship, it is essential to consider the carbon impact of its capital investments and include carbon impact as a key factor for appraisal of capital proposals. For 2026-27 the council is implementing a carbon impact assessment whereby a carbon impact score must be completed for all options considered as part of the Stage 1 outline business case. The impact score supports early decision-making by assessing whether council projects are likely to result in high, medium, or low carbon emissions based on a consistent assessment matrix. Officers are provided with an impact assessment procedure document to aid in assessing carbon impact and may also refer to officers in the Biodiversity and Climate Resilience team for support. This will be recorded in the stage 1 business case document and used by those charged with governance for the authority in appraising the project.

Assessment on carbon impact is made using the below criteria:

A.2.3 Carbon Impact Assessment Matrix

Factor	Negative Impact (Red)	Neutral Impact (Amber)	Positive Impact (Green)
Project Type	New construction, major infrastructure	Retrofit with substantial material use	Light refurbishments or routine maintenance
Project Scale	Large projects – over £1 mil	Mid-sized projects - £100k to £1 mil	Small-scale projects – under £100k
Material Use	High-carbon materials (e.g., concrete, steel, aluminium)	Mix of high-carbon and sustainable materials	Primarily low-carbon or recycled materials (e.g., timber)
Energy Source	Fossil fuels (e.g., gas heating, coal-based energy supply)	Mixed energy (some renewables, some grid)	All-electric powered by renewable energy sources
Operational Energy*	High energy demand	Moderate energy demand	Low energy demand
Lifecycle Impacts	High maintenance, significant demolition waste	Moderate maintenance and waste	Minimal maintenance, circular economy reuse potential

The carbon impact score for the option is arrived at by assigning each criteria a rating:

- Red (Negative or High Carbon Impact): 3 points
- Amber (Neutral or Medium Carbon Impact): 2 points
- Green (Positive or Low Carbon Impact): 1 point

The overall impact rating is calculated by summing the points for each criterion. The below score ranges indicate the carbon impact of the scheme:

A.2.4 Carbon Impact Score

Total Score	Overall Impact
15–18 points	Negative Carbon Impact (Red)
10–14 points	Neutral Carbon Impact (Amber)
6–9 points	Positive Carbon Impact (Green)

Use of the carbon impact score is not limited to project appraisal, but also provides an opportunity to influence project planning through:

- Highlighting high-carbon projects for early challenge or re-design
- Helping to identify opportunities to shift to lower-carbon materials, designs, or systems
- Informing funding bids, grant applications, or policy alignment

Carbon Impact Monitoring

At the point of stage 1 in the capital process, carbon impact assessments are an estimate and form part of the project budget setting. It is recognised that projects may evolve with time and that carbon impact scores may alter as projects move through phases. Although still in development at the time of writing, it is expected that project officers will be required to update and report biannually on carbon impact scores. This will form part of the capital project budget management reporting to the Executive.

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 governance and approval 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 normally charged as a revenue expense. Occasionally the council may be required to capitalise expenditure below this threshold in order to comply with grant conditions.

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. Officers are required to evidence time spent on projects which is signed off by a senior manager or assistant director. Where time is not recorded,

	costs can still be capitalised provided a reasonable estimate can be made of time spent on the project.
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 £31m across the programme. Projects already in the existing capital programme, prior to the inclusion of 2026/27 proposals, include:

- Purchase of Temporary Accommodation - £3.0m
- Self-contained Temporary Accommodation units - £2.0m
- Disabled Facilities Grants - £8.1m
- Vehicle Replacement Programme - £4.3m

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

Corporate Priority	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Community Leadership	1.3	1.2	3.8	0.0	-	-
Running the Business	5.7	0.5	0.3	0.2	0.4	-
Environmental Stewardship	0.7	2.1	2.3	1.3	1.1	1.1
Quality Housing and Place Making	4.8	3.0	7.0	1.5	1.5	1.5
Economic Prosperity	1.3	0.7	3.6	3.4	-	-
Total Capital Expenditure*	**13.8**	**7.4**	**17.0**	**6.5**	**3.0**	**2.6**

**Not including pipeline projects for which business cases are yet to be approved and/or funding has not yet been received*

As part of the 2026/27 budget setting process, Full Council is requested to approve additions to the capital programme to further progress against corporate objectives. For 2026/27 the following projects are proposed to be added to the programme:

Table A3.2b: Additions to the Capital Programme requested as part of Budget Setting 2026/27 in £m

Project	2026/27	2027/28	2028/29	Total
Bicester Leisure Centre 3G resurfacing	0.2	-	-	**0.2**
EPC Remedial & Improvement Works	0.1	0.2	0.4	**0.7**
Refurbishment Works to Canal Side Entrance to Castle Quay Centre	0.1	-	-	**0.1**
Replacement of lifts and the Refurbishment Works to Castle Quay Centre South Car Park	0.5	-	-	**0.5**
Franklins House Waterproof Membrane & Equipment	0.1	-	-	**0.1**
Laptop Refresh	0.1	0.1	-	**0.1**
Total Asset Management 2026/27	**1.1**	**0.2**	**0.4**	**1.7**
NOA 3G Pitch Development**	1.5	-	-	**1.5**
Self-contained Temporary Accommodation Units – Bicester	2.0	-	-	**2.0**
Purchase of Temporary Accommodation	3.0	-	-	**3.0**
Total Investments 2026/27	**6.5**	**-**	**-**	**6.5**
Total Capital Programme Additions 2026/27	**7.6**	**0.2**	**0.4**	**8.2**

*** Denotes movement of the North Oxfordshire 3G pitch project from pipeline into the main capital programme*

The council also has projects in the pipeline which are being planned but for which there are outstanding actions that do not currently facilitate progress into the active capital programme. Pipelined projects include the development and construction of the Waste Services New Depot in Bicester and the Bicester Leisure Centre Learner Pool, which is pending receipt of S106 funding and business case approval. Various other S106 projects are also awaiting fully scoped and approved project plans before approval into the capital programme can be sought and received.

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 lease arrangements under IFRS16. 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	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Capital Expenditure	**13.8**	**7.4**	**17.0**	**6.5**	**3.0**	**2.6**
Capital Receipts	(1.6)	0.0	(1.8)	(5.1)	0.0	0.0
Grant	(6.4)	(4.3)	(3.4)	(5.0)	(1.5)	(1.5)
S106 Grants	(0.8)	(0.8)	(2.0)	0.0	0.0	0.0
Revenue Contributions	(0.1)	0.0	0.0	0.0	0.0	0.0
Donated Assets	(0.3)	0.0	0.0	0.0	0.0	0.0
Total Financing	**(9.1)**	**(5.1)**	**(7.3)**	**(10.1)**	**(1.5)**	**(1.5)**
Increase/(Decrease) in CFR *(before MRP)*	**4.7**	**2.3**	**9.7**	**(3.7)**	**1.5**	**1.1**

**Figures may not match 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. The council's default position is to apply capital receipts arising from disposal of assets to the Capital Adjustment Account to reduce debt in the year of receipt. This reduces the Council's need to borrow and corresponding financing costs, which helps to reduce the capital financing burden on the taxpayer. This does not prevent the council from introducing new capital proposals but does ensure that the financial implications of each proposal are fully considered and understood. Application of capital receipts falls under the delegation of the S151 Officer as per the Council's Reserves Policy. Capital receipts may also be used to fund certain revenue costs that deliver ongoing savings or efficiencies under the flexible use of capital receipts direction as laid out by the Ministry of Housing, Communities and Local Government. The council does not currently have plans to use this flexibility, however if the S151 officer feels there would be a benefit to using this direction then a proposed strategy will be brought to Full Council to approve in line with the guidance.

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)	2024/25 Actual	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	2029/30 Forecast
Minimum Revenue Provision (MRP)	(4.1)	(4.2)	(4.7)	(4.6)	(4.9)	(5.1)

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)	2024/25 Actual	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	2029/30 Forecast
CFR	235.5	233.6	238.6	230.4	227.0	222.9

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 and has borrowed cash for the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital borrowing requirements to reduce overall borrowing. At 30 November 2025 the Council had borrowings of £149m at an average interest rate of 2.82%, and

£27m of investments at an average interest rate of 4.15%. 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 its treasury advisors 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)***	**2024/25 actual**	**2025/26 forecast**	**2026/27 forecast**	**2027/28 forecast**	**2028/29 forecast**
Gross Borrowing (incl. PFI & leases)	165.0	149.0	155.4	155.8	156.2
Capital Financing Requirement	235.5	233.6	238.6	230.4	227.0

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" based on the council's estimate of the maximum level of external debt in the most likely scenario is also set. The operational boundary reflects the level above which the council does not expect to require borrowing based on current cashflow projections and capital programme, and so acts as a warning level should there be a sustained or regular trend of external debt above the boundary. The operational boundary and authorised limit set by the council are outlined in table A6.2 below:

Table A6.2: *Operational Boundary vs Authorised Limit (£m)*	2025/26 limit	2026/27 limit	2027/28 limit	2028/29 limit
Operational boundary	200.0	199.0	198.0	197.0
Authorised limit	310.0	270.0	265.0	260.0

The council has reviewed its approach to setting the operational boundary and has adopted an expected value approach to commitments (such as bonds, guarantees, revolving credit facilities) that are unlikely to materialise in the financial year. Instead of including the total potential liability in the worst case, as the previous approach had, the council estimates the likelihood of the commitment being called upon and the likely amount. An amount based on this assessment is included in the operational boundary to reflect that while it is very unlikely that all of these commitments be called upon in full, there is a likelihood that on average across all the commitments there may be some impact on the council's cashflows. This change to the operational boundary also does not change the council's ability to borrow. It is the most likely maximum level of borrowing based on the council's current capital programme and forecast cashflows. All future capital proposals will be considered on a case-by-case basis, and the operational boundary will be reviewed each year to ensure it includes any borrowing required for new capital projects. The authorised limit has been reduced so that it continues to be an effective control measure. The authorised limit has been set to cover all external debt requiring to be refinanced, internal borrowing becoming unavailable and all possible loans and bonds and guarantees being called upon simultaneously.

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)*	2024/25 actual	2025/26 forecast	2026/27 forecast	2027/28 forecast	2028/29 forecast
Interest Payable	4.6	4.9	4.4	4.6	4.9
Minimum Revenue Provision	4.1	4.2	4.7	4.6	4.9
Total Financing Costs	**8.7**	**9.1**	**9.1**	**9.2**	**9.8**
Taxation	27.2	26.2	32.1	31.6	32.1
Non-Specific Grant Income	3.5	3.7	0.0	0.0	0.0
Total Funding	**30.7**	**29.9**	**32.1**	**31.6**	**32.1**
Ratio of Financing Costs	**28.3%**	**30.5%**	**28.4%**	**29.2%**	**30.5%**

This indicator shows that the ratio of financing costs to net revenue streams is high and increasing across the MTFS, which is primarily due to the forecast in reduction in revenue resources. What this ratio 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)***	**2024/25 actual**	**2025/26 forecast**	**2026/27 forecast**	**2027/28 forecast**	**2028/29 forecast**
Net Income from Financial Investments	4.4	4.0	4.0	4.0	4.0
Net Income from Property Assets	5.3	4.6	5.5	5.5	5.5
Total Service Investment Income	**9.7**	**8.6**	**9.5**	**9.5**	**9.5**
Taxation	27.2	26.2	32.1	31.6	32.1
Non-Specific Grant Income	3.5	3.7	0.0	0.0	0.0
Total Funding	**30.7**	**29.9**	**32.1**	**31.6**	**32.1**
Ratio of Service Investment Income	**31.6%**	**28.9%**	**29.5%**	**29.9%**	**29.6%**

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 significantly. 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***	**2024/25 Actual**	**2025/26 forecast**	**2026/27 budget**	**2027/28 budget**	**2028/29 budget**
Ratio of Financing costs	28.3%	30.5%	28.4%	29.2%	30.5%
Ratio of Service Investment income	31.6%	28.9%	29.5%	29.9%	29.6%
Affordability ratio	**-3.3%**	**1.6%**	**-1.1%**	**-0.8%**	**0.9%**

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

The council will continue to monitor this ratio and report to senior management and members 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 management 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.

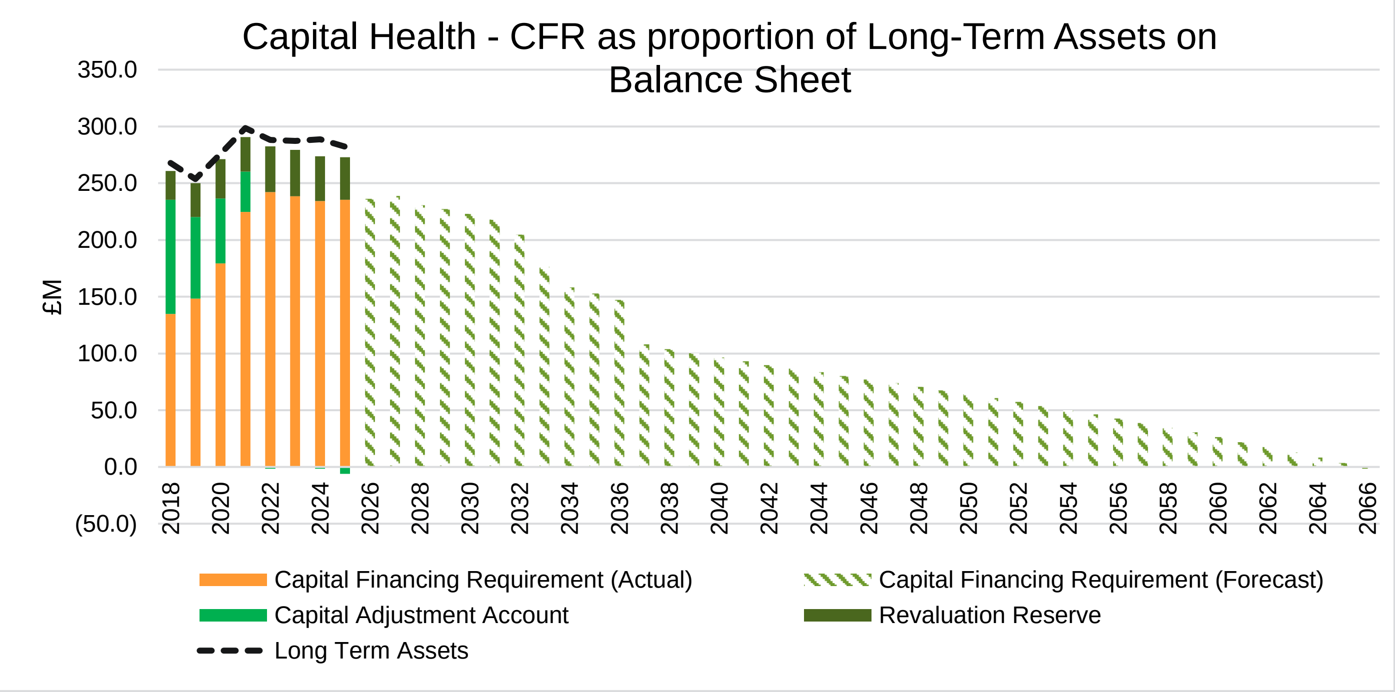
Table A7.1 – Capital Health in £ millions

Capital Health (£m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Capital Financing Requirement	134.9	148.2	179.2	224.8	242.1	238.6	234.4	235.5
Long-Term Assets *(as per statement of accounts)*	267.8	253.6	275.8	298.6	288.2	288.8	290.7	282.1
CFR to Long-Term Asset Ratio	**50%**	**58%**	**65%**	**75%**	**84%**	**83%**	**81%**	**84%**

As of 31st March 2025, the Council's CFR amounted to 84% 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. It should be noted that under the CIPFA code, assets can be capitalised on balance sheet based on the long-term service potential they provide and not necessarily the economic value they generate on sale, particularly assets held at historical cost e.g. intangible assets. The CFR to Long-Term asset ratio should therefore only be treated as an indicator of capital health.

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 2066 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 be cleared by 2066. This is mainly due to the annual minimum revenue provision set aside by the council and principal repayment of capital loans and share capital investments, which are to be treated as capital receipts and are expected to be used to clear the outstanding CFR balances associated with these assets. 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 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 property 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 to generate a capital receipt. Receipts from capital grants, loan repayments and investments are also classed as capital receipts under Local Government accounting regulations.

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 what has been a turbulent financial environment for commercial property nationwide in recent years.

The council recognises that the investments made in commercial property are higher risk than treasury investments. The principal risk exposures are listed below in table A8.1 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, small local businesses (mainly retail or industrial type tenants) and individuals (such as housing 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 may be expected to 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 could be made available to 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. The English Devolution and Community Empowerment Bill which, currently making its way through Parliament includes a provision that would prohibit the use of upward-only rent review clauses in new commercial leases. Older leases would be unaffected. Lease lengths are generally reducing in length to which will help mitigate some of the impact. 3. Tenant failure – see above under Tenant Default, re: vetting and diversification policies plus earmarked reserves held. A further risk is commercial leases with capped service charges meaning the landlord is not able to recover the full amount relating to leased space. The council has a limited number of leases with these clauses and does not routinely agree them unless there is a commercial imperative. An additional risk is over-exposure to town centre retailing as the portfolio's largest assets are the Castle Quay Centre and Waterside 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 interests in trading companies, indirectly 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, with the UK Government via the Debt Management Office (referred to as the DMADF), other Local Authorities and 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 the Council's 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 £23.33m during the 2026/27 financial year.

Full details of the Council's policies and its plan for 2026/27 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 residential 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)	2024/25 Actuals			2025/26
	Balance	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	56.6*	0.6	56.0	73.6
Parishes	0.0	0.0	0.0	0.0
Local charities	0.0	0.0	0.1	0.1
Other	1.0	0.1	0.9	0.9
TOTAL	**57.7**	**0.7**	**56.9**	**74.6**

*In accordance with IFRS9 the fair value of the loan provided to Crown House has been revised. The loan is at a non-market rate of interest and has therefore been discounted using an effective interest rate of 5%, which the directors consider to be an appropriate market rate. The difference between the cash advanced and the present value of the loan has been treated as an investment in the Company.

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. Share capital has increased from £35.7m due to the adjustment to the fair value of the loan to Crown house (in accordance with IFRS9.) The difference of £9.5m between the cash advanced and the present value of the loan has been treated as an investment in the Company. 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 2025 actual			2026/27
	Amounts invested	Gains or losses	Value in accounts	Approved Limit

Subsidiaries	45.2	0	45.2	45.2
TOTAL	**45.2**	**0**	**45.2**	**45.2**

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

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. The Capital Programme includes significant investment over the next five years, which includes:

- Transforming Bicester Market Square
- Purchasing of temporary accommodation units
- Construction of self-contained modular temporary accommodation units
- Public sector decarbonisation works to council owned or operated properties (funded by PSDS 4 grants)
- Installation of solar panels and solar photovoltaic car ports at the Council's leisure and community centres

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.
- Town Centre House, 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.

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. 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)	Book Value *31/03/2024* (£m)	Movement in Book Value (Revaluation + Depreciation) (£m)	Book Value *31/03/2025* (£m)	Gains/ (Losses) in Book Value Recognised in Accounts (£m)	Latest External Valuation Date
Castle Quay Waterfront, Hotel and Supermarket	68.3	25.7	(2.9)	22.8	(45.5)	31/03/2025
Castle Quay Shopping Centre (incl. CDC Offices)	69.9	14.4	(0.7)	13.6	(56.3)	31/03/2025
Tramway Industrial Estate	9.6	9.0	0.2	9.2	(0.4)	31/03/2025
Pioneer Square	8.2	5.3	(0.1)	5.3	(2.9)	31/03/2024
Totals	**156.0**	**54.4**	**(3.5)**	**50.9**	**(105.1)**	

The decline in book values have been driven by multiple factors, particularly the changing nature of town centres and the retail market nationwide.

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. In the long term, valuations generally increase as a factor of the economy. With careful management of assets and lets, the council anticipates that, over time, income rental yields will improve and be reflected in the valuations. Notwithstanding, the council continues to realise property investment benefits through other 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.

The Council's strategic asset review is still in progress, and whilst no firm decisions have been made, action is being taken to identify ways to maximise the economic and service benefits from the Council's property. Repurposing of space is a key factor the council is considering for its assets. For example, the repurposing of retail units to office space as part of the council office relocation to Castle Quay project which completed in March 2025. Following the move to Castle Quay, it is expected that the Council's current headquarters Bodicote House will be sold to generate a capital receipt. As discussed in section A4 of the Capital Strategy, standard practice is for capital receipts to be used to reduce the Council's existing debt (the CFR).

By reconsidering asset use, and repurposing space to maximise service and economic benefits delivered by property assets, the council anticipates that the corresponding valuations will increase in the future. Valuations will, however, depend on market sentiment and national economic conditions.

It should be noted that the security of investment is not only considered through annual fair value assessment. 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 or firm which 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
- 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.
- Performance of due diligence enquiries about potential incoming tenants and occupiers.
- Use of mechanisms such as rent deposits and guarantees to reduce risk.

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 (other than those that are for service purposes, such as community centres), 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.

The Council's plans do not require the sale of assets (except in the case of relocating council headquarters to Castle Quay, which requires the sale of Bodicote House to fully finance)

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 B6.1: 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	17.0
Graven Hill Village Development Company Ltd	Bonds and Guarantees in place	1.4
Graven Hill Village Development Company Ltd	Bond and Guarantees agreed in principle	10.3
TOTAL		**28.7**

B7. Capacity, Skills and Culture

Elected members and statutory officers
The senior statutory officers are qualified to degree level and have appropriate professional qualifications. Their shared business experience encompasses both the public, private and third 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 potential 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	31/03/2025 Actual	31/03/2026 Forecast	31/03/2027 Forecast
Treasury management investments*	5.2	6.8	10.3
Service investments: Loans**	57.2	57.1	57.0
Service investments: Shares	35.7	35.7	35.7
Service investments: Property***	50.9	52.2	57.5
TOTAL INVESTMENTS	**149.0**	**151.8**	**160.5**
Commitments to lend	17.0	17.0	17.0
Bonds & Guarantees in place and agreed in principle	1.4	11.2	3.1
TOTAL INVESTMENT EXPOSURE	**167.4**	**180.0**	**180.6**

**The investment forecast for 2025/26 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 2023/24 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	31/03/2025 Actual	31/03/2026 Forecast	31/03/2027 Forecast
Service investments: Loans	57.2	57.1	57.0
Service investments: Shares	35.7	35.7	35.7
Service investments: Property & Other	170.5	172.8	182.7
Total Funded by Borrowing*	**263.4**	**265.6**	**275.4**
Total Minimum Revenue Provision to-date	(27.8)	(32.0)	(36.7)
Total Debt Remaining (CFR)	**235.6**	**233.6**	**238.6**

**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 but is included below this figure to arrive at the CFR.*

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 by the council. 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	2024/25 Actual	2025/26 Forecast	2026/27 Forecast
Treasury management investments	6.1%	4.0%	3.5%
Service investments: Loans	6.6%	5.9%	5.9%
Service investments: Property	0.9%	0.1%	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. 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 increase in expected credit losses on the loans recognised in the financial year in accordance with IFRS 9.

- 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 associated with the original loan advancement, reducing the Council's overall 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 2026/27 will not be subject to an MRP charge until 2027/28 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***
01/04/2025 09:02:20	2025/26	5.19%	5.72%	6.06%	6.16%	6.13%
02/04/2024 09:04:00	2024/25	4.88%	5.10%	5.41%	5.48%	5.45%
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%

Calculation of the CFR

As per the requirements of the CIPFA Prudential Code, the council calculates its Capital Financing Requirement by consolidating the following elements of the balance sheet:

- Non-current tangible assets (i.e. property, plant and equipment, heritage assets, investment properties and non-current assets held for sale);
- Intangible assets – non current;
- Long-term debtors relating to capital transactions (where applicable);
- investments that treated as capital expenditure under proper practices or applicable regulations;
- Revaluation reserve;

- Capital adjustment account;
- Donated assets account;
- Other items on the Balance Sheet that relate to capital expenditure but excluding the underlying liability.

This is known as the balance sheet CFR.

The CFR can also be calculated year-on-year by taking the opening CFR and consolidating with in-year:

- Capital expenditure (acquisitions, enhancements, loans and investments)
- Capital financing applied to the capital adjustment account (capital grants, receipts, loan repayments)
- Donated assets
- Minimum Revenue Provision

This is the method prescribed by the CIFPA code on Local Authority Accounting and is disclosed as part of the Council's annual statement of accounts. Reconciliation of the two CFR methods is undertaken annually as part of year-end accounting procedures.

Amounts in the CFR excluded from MRP

In-line with the revised guidance from government published 10th April 2024[1], the council has opted to not charge MRP in relation to the CFR for service loans to its subsidiary companies beyond the expected credit losses on the loans recognised in year. The council expects all service loans to be repaid in full and therefore the borrowing in relation to these loans will be financed by the capital receipt upon repayment. However, in line with International Financial Reporting Standard 9, the council should make an allowance for expected credit losses – that is an allowance reflecting the risk that the council does not receive all interest and principal due to them under the loan agreement – even if the risk of this is very low. It is therefore prudent to charge minimum revenue provision in line with the expected credit loss allowance to reflect the small chance that the council does not receive all of the principal at the end of the loan and so is not able to repay its borrowing. As the expected credit loss allowance for each loan is remeasured each year, any change in the risk of default is captured and therefore is also reflected in the MRP charge. As the current risk of default is low the council is satisfied that this approach is prudent, however if the risk of default becomes significant then the council would consider whether a further MRP charge would be required.

MRP Factors and Assumptions

As part of the 2023/24 Capital Strategy, Full Council approved a change of MRP approach from option 3a (Straight-line) to 3b (Annuity) for Fixed Assets, Capital Loans and Share Capital investments. The annuity approach helps to more fairly distribute capital financing costs to the taxpayer over the lifetimes of the assets invested in when factoring the time value of money. This was in recognition that the council has primarily invested in assets which are expected to have long-term benefits to the taxpayer, with benefits expected to be realised over 50 years, meaning that the effects of the time value of money are significant.

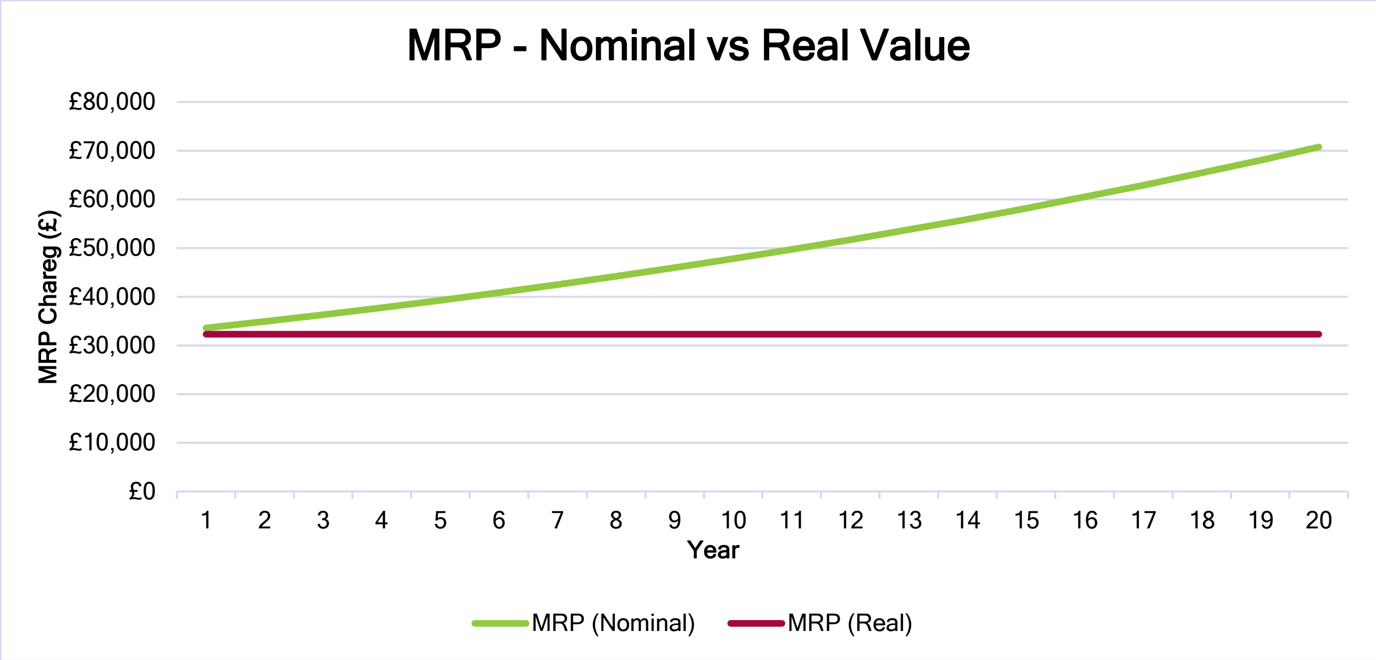
The Time Value of Money

An annuity based MRP approach enables a fairer distribution of MRP across the lives of the assets invested in due to the time value of money – i.e. that the money is worth more today than in the future. The value of money can be thought of in terms of its nominal value, what money is worth in today’s terms, and its real value – its actual worth at a given point in the future based on current expectations around interest rates and inflation. When interest rates are high, the effects of the time value of money are more prominent.

MRP is one of two elements that make up the cost of capital financing, the other being interest payable. When examining an annuity approach, it useful to compare the repayment profile to that of a mortgage agreement. Whilst a mortgage has a fixed repayment profile over a given period (assuming a fixed rate of interest), the split between the amount paying off interest (revenue) and the amount paying off the capital element of the mortgage changes with time. At the start of the loan, a greater proportion of the total cost of borrowing is paid towards interest, as the principal balance outstanding on the loan is higher. The interest element decreases over time as the principal balance reduces, and as the interest reduces, more capital is paid towards the principal. MRP therefore represents the capital element of the mortgage in this scenario. The effect of this is that the MRP charge is factoring in the time value of money, and whilst the nominal value of MRP increases with time, its real value remains constant, meaning there is no increased burden on the future taxpayer.

The below graph demonstrates this effect for a capital investment of £1m at an interest rate of 5% with an asset life of 20 years:

Figure AN1.0 : Example Financing Costs Graphical Representation



Interest Rates
The assumption made for the MRP calculation is that the interest rate remains fixed over the life of the asset and that it matches the presiding PWLB rate at the time the expenditure was incurred.

In practice, decision on loans from the PWLB are taken as part of the treasury management, therefore actual loans may have different rates of interest, repayment profiles and maturity dates. Loans may not necessarily be repaid in instalments but instead repaid in full on a fixed maturity date. The council in setting aside MRP, may not necessarily have any loan principal payment obligations until far into the future. MRP therefore acts as provision to repay external debt rather than as an actual repayment. In making MRP independent of actual loan principal repayments, the council is setting aside cash balances that can generate interest receivable. This has the effect of reducing the net capital financing costs to the corporate revenue budget in years when no principal repayments are due, having a similar effect to that of a capital repayment of a loan in instalments reducing interest payable.

The council recognises that the loans it takes from PWLB are in some cases going to mature earlier than when MRP can be fully provided to repay the loan and will therefore require refinancing in the future to meet existing loan obligations. This does expose the council to future interest rate and refinancing risks which are addressed and managed as part of the Council's Treasury Management Strategy and function.

Asset Lives in the MRP Calculations
The statutory guidance on MRP provides maximum useful lives for the purposes of calculating MRP. To simplify the MRP calculation, the council applies approximated useful lives based on the type of expenditure incurred. This results in a less labour-intensive calculation whilst ensuring the MRP is materially accurate and commensurate with the period over which the expenditure is expected to provide benefits. These lives will not exceed 50 years unless external professional advice is received indicating that the useful life of the asset extends beyond this (e.g. by valuation and property experts) as permitted by the guidance.
The useful life ranges are detailed in the table below:

Expenditure Type	Useful Life
Acquisition of Land	50 years
Acquisition of Buildings	20-50 years
Acquisition of Plant	10-20 years
Acquisition of Equipment	5-20 years
Enhancements to buildings (fitting out of space, replacement roofs etc.)	15-20 years
Home Adaptions under the Disabled Facilities Grants Scheme	5-15 years
Acquisition of Share Capital in a Subsidiary	20 years
Acquisition and Enhancement of on-premises Computer Software	1-5 years

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://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition/capital-finance-guidance-on-minimum-revenue-provision-5th-edition

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

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This report is public	
Review of Reserves	
Committee	Budget Planning Committee
Date of Committee	20 January 2026
Portfolio Holder presenting the report	Portfolio Holder for Finance & Property, Councillor McLean
Date Portfolio Holder agreed report	30 December 2025
Report of	Assistant Director of Finance (Section 151 Officer)

Purpose of report

To update Budget Planning Committee (BPC) on the Review of Reserves that has taken place in preparation of the budget for 2026/27 and the Medium-Term Financial Strategy (MTFS) 2025/26 – 2030/31.

1. Recommendations

The Budget Planning Committee resolves:

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

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

2. Executive Summary

2.1 The council undertakes a review of its reserves at least annually. The reserves are divided into the following strategic pots:

- General Balances
- Earmarked Reserves
- Revenue Grant Related Reserves
- Capital Reserves

2.2 This report delivers the outcome of the review for 2025/26 for inclusion in the Budget and Medium-Term Financial Strategy 2026/27 – 2030/31 report which will be taken to the Executive and Council in February 2026.

2.3 The prudent level of General Fund Reserve, as assessed by the Chief Finance Officer, has increased from £7.852m to £8.011m for 2026/27, reflecting updated risk assumptions. The actual General Fund balance stands at £8.021m following prior year outturn adjustment.

2.4 The council is forecasting to end the 2025/26 financial year with total reserves of £49.294m. A net contribution of £0.917m to revenue reserves, and a net use of £3.416m of capital reserves is expected to be proposed in the 2026/27 budget. The forecast reserves position at the end of the Medium-Term Financial Strategy period 2026/27 – 2030/31 is £51.099m.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no immediate financial implications associated with this report. The Reserves Policy and proposed changes to reserves will be considered by the Executive and uses of/contributions to reserves agreed by Council as part of the 2026/27 budget. Joanne Kaye, Head of Finance 15 December 2025
Legal	The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and precept, the Chief Finance Officer must report to it on the following matters: the robustness of the estimates made for the purposes of the calculations; and the adequacy of the proposed financial reserves. The authority must have due regard to the report when making decisions on the budget and precept. Shiraz Sheikh, Assistant Director of Law and Governance (Monitoring Officer), 15 December 2025
Risk Management	The move to increase general balances and maintain strategic reserves will help the council to manage financial risks that could materialise in the future. Finance resilience related risks

	are managed within the Leadership Risk Register, as and when deemed necessary (L01). Celia Prado-Teeling, Performance Team Leader,15 December 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
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	All			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

3.1 Executive approved a revised Reserves Policy (attached at Appendix 1 for reference) at its meeting in September 2024 and throughout the year the Executive has been consulted on proposed movements to and from reserves regularly as part of the monthly performance reporting. A further review has taken place to consider the forecast use of reserves to ensure the council retains a prudent level of reserves over the medium term.

4. Details

4.1 The review of reserves was carried out in several stages:

1. Understanding what plans there were to spend reserves that were held over the next five years.
2. Considering what level of general balances CDC should hold, based on a risk assessment.
3. Identifying those reserves that are ringfenced as they have specific grant objectives to deliver.
4. Considering what strategic earmarked reserves CDC should hold.

4.2 After conducting a risk assessment (attached at Appendix 3), it is proposed that the Council sets the minimum level of General Fund Balances at £8.011m, reflecting the updated prudent level recommended by the Chief Finance Officer. The actual General Fund balance stands at £8.021m, an increase from £7.852m following the prior year outturn process and adjustments made in response to funding risk indications from the local government finance settlement. Therefore, it remains prudent to retain general balances at this level.

4.3 The forecast overspend as at the end of November (Period 8) is £0.609m; however, the Council will continue to work to reduce the overspend to nil throughout the remainder of the year. In the event of an overspend at year end, other earmarked reserves will be used to ensure that the General Fund Balance remains above £8.021m.

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

Table 1: Overview of reserves

Row Labels	Balance 1 April 2025 £m	Forecast Transfers (to)/from £m	Forecast Balance 31 March 2026 £m	26/27 forecast transfers (to)/from £m	27/28 forecast transfers (to)/from £m	28/29 forecast transfers (to)/from £m	29/30 forecast transfers (to)/from £m	30/31 forecast transfers (to)/from £m	Forecast balance as at 31/3/2031 £m
General Balances	(8.021)		(8.021)	-	-	-	-	-	(8.021)
Earmarked Reserves	(31.297)	(3.687)	(34.985)	0.585	(1.577)	(1.592)	(1.592)	(1.598)	(40.760)
Revenue Grants	(1.918)	0.559	(1.360)	0.333	0.049	0.027	0.017	0.007	(0.928)
Subtotal Revenue	**(41.236)**	**(3.129)**	**(44.365)**	**0.917**	**(1.528)**	**(1.565)**	**(1.575)**	**(1.591)**	**(49.708)**
Capital Reserves	(5.321)	0.392	(4.929)	3.416	0.061	0.061	-	-	(1.391)
Total	**(46.557)**	**(2.736)**	**(49.294)**	**4.333**	**(1.467)**	**(1.505)**	**(1.575)**	**(1.591)**	**(51.099)**

4.5 It should be noted that the uses of reserves for the 2026/27 budget and MTFS are still being finalized, so figures may be updated in the final budget proposals.

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: Do nothing. This would leave resources in earmarked funds that have been funded in alternative ways and reduce the council's strategic flexibility with its reserves.

6. Conclusion and Reasons for Recommendations

6.1 The proposed allocations of reserves will retain flexibility in how the council uses its reserves in the future and puts in place mitigations for risks the council may face in the future.

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	Reserves Policy
Appendix 2	Reserves Forecast 2025/26 – 2030/31
Appendix 3	General Balances Risk Assessment
Background Papers	None
Reference Papers	None
Report Author	Mary Denedo, Strategic Finance Business Partner
Report Author contact details	Mary.denedo@cherwell-dc.gov.uk, 01295 227941
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A Statutory Officer Report

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 approved**
Executive	09 September 2024

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
2.1	09 September 2024	Amendment of section 6.1 to delegate authority of use of capital receipts reserve to the S151 officer

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

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

specific scheme and within the agreed timescale. If funds are not used they need to be returned back to the contributors.

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 Receipts Reserves	Section 151 Officer**

* Unless previously approved by Full Council as part of approval of the budget
** If the Section 151 officer feels there is benefit to using the flexible use of capital receipts direction to fund revenue costs then in line with the statutory guidance a flexible use of capital receipts strategy will be taken to full council for approval.

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 2 - Forecast use of earmarked reserves

			Opening	Forecast 25/26		Closing	Forecast use over MTFS Period					
Category	**Description**	**Owner**	**Actual Closing Balance 31 March 2025**	**Transfer FROM / (TO) Reserve 2025/26 £m**	**S151 Review of Reserves**	**Forecast Closing Balance as at 31 March 2026 £m**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**Forecast Balance at end of Period £m**
	General Balances											
General Balances	General Fund Balance	S151 Officer	(8.021)	-		(8.021)						(8.021)
	General Earmarked Reserves											
Earmarked Reserves	Building Control	Executive Director - Place & Regeneration	-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Country Park Reserve	Executive Director - Neighbourhood Services	-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Elections	Executive Director - Resources & Transformation	(0.250)	-	-	(0.250)	-	-	-	-	-	(0.250)
Earmarked Reserves	Licensing	Executive Director - Neighbourhood Services	(0.148)	0.030	-	(0.118)	0.043	0.015	-	-	-	(0.060)
Earmarked Reserves	Planning & Development	Executive Director - Place & Regeneration	(0.345)	0.021	-	(0.324)	(0.025)	(0.075)	(0.075)	(0.075)	(0.075)	(0.649)
Earmarked Reserves	Planning Control	Executive Director - Place & Regeneration	(0.572)	0.139	-	(0.433)	-	-	-	-	-	(0.433)
Earmarked Reserves	Pensions Deficit	S151 Officer	(1.648)	0.252	-	(1.396)	0.252	0.252	0.252	0.252	0.252	(0.136)
Earmarked Reserves	Bicester reserve	Executive Director - Place & Regeneration	-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Transformation Reserve	Executive Director - Resources & Transformation	(0.896)	0.358	-	(0.538)	0.214	0.081	0.081	0.081	0.081	-
Earmarked Reserves	Health & Safety - Public Food	Executive Director - Neighbourhood Services	-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Cherwell Lottery - Revenue	Executive Director - Neighbourhood Services	(0.010)	-	-	(0.010)	-	-	-	-	-	(0.010)
Earmarked Reserves	Dilapidations	Executive Director - Place & Regeneration	(0.419)	0.064	-	(0.355)	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)	(0.480)
Earmarked Reserves	Capital Reserve	S151 Officer	-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Projects Reserve	S151 Officer	(5.610)	2.149	3.461	0.00	-	-	-	-	-	0.00

Earmarked Reserves	Transformation implementation Reserve	S151 Officer	(4.974)	(1.262)	-	(6.236)	-	-	-	-	-	(6.236)
Earmarked Reserves	Market Risk reserve	S151 Officer	(8.896)	(0.372)	-	(9.268)	(0.096)	(0.562)	(0.562)	(0.562)	(0.562)	(11.612)
Earmarked Reserves	Growth Deal		-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	M&S Surrender Premium		-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	DOVECOTE MILCOMBE		-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Bicester Youth Bus	Executive Director - Neighbourhood Services	(0.005)	-	-	(0.005)	-	-	-	-	-	(0.005)
Earmarked Reserves	Sport and Physical Activities	Executive Director - Neighbourhood Services	(0.055)	0.055	-	-	-	-	-	-	-	-
Earmarked Reserves	Courtyard Youth Arts	Executive Director - Neighbourhood Services	0.000	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Housing & Planning Reserve	-	0.000	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Home Improvement Agency	Executive Director - Neighbourhood Services	(0.040)	0.014	-	(0.026)	0.026	-	-	-	-	-
Earmarked Reserves	Development management Casework	-	-	-	-	-	-	-	-	-	-	-
Earmarked Reserves	Revenues and Benefits New burdens	S151 Officer	(0.070)	0.010	-	(0.060)	0.010	0.010	0.010	0.010	0.010	(0.010)
Earmarked Reserves	Climate action reserve	Executive Director - Place & Regeneration	(0.062)	0.006	-	(0.057)	0.013	0.013	0.013	0.013	0.007	-
Earmarked Reserves	Business Rates Equalisation reserve	S151 Officer	(2.405)	(1.800)	-	(4.205)	0.200	0.200	0.200	0.200	0.200	(3.205)
Earmarked Reserves	Banbury Health Centre Sinking Fund	Executive Director - Place & Regeneration	(0.040)	(0.027)	-	(0.067)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.202)
Earmarked Reserves	Work in Default	Executive Director - Place & Regeneration	(0.077)	-	-	(0.077)	-	-	-	-	-	(0.077)
Earmarked Reserves	Interest Rate Equalisation	S151 Officer	(3.992)	(1.957)	-	(5.949)	-	(1.459)	(1.459)	(1.459)	(1.459)	(11.784)
Earmarked Reserves	Legal Project Reserve	Monitoring Officer	(0.500)	-	-	(0.500)	-	-	-	-	-	(0.500)
Earmarked Reserves	Non-ringfenced grants - timing difference	S151 Officer	(0.033)	0.033	-	-	-	-	-	-	-	-
Earmarked Reserves	Local Government Reform	S151 Officer	(0.250)	0.250	(3.000)	(3.000)	-	-	-	-	-	(3.000)
Earmarked Reserves	Shareholder Reserve	Executive Director - Resources & Transformation	-	(0.050)	-	(0.050)	-	-	-	-	-	(0.050)
Earmarked Reserves	Cherwell Futures	Executive Director - Resources & Transformation	-	(1.100)	-	(1.100)	-	-	-	-	-	(1.100)
Earmarked Reserves	Growth & Regeneration	Executive Director - Place & Regeneration	-	(0.500)	-	(0.500)	-	-	-	-	-	(0.500)
Earmarked Reserves	CQ Options	Executive Director - Place & Regeneration	-	-	(0.250)	(0.250)	-	-	-	-	-	(0.250)

Earmarked Reserves	Property Sinking funds	Executive Director - Place & Regeneration	-	-	(0.211)	(0.211)	-	-	-	-	-	(0.211)
				0								
	Revenue Grants		0			0						
Revenue Grants	S31 Reserve	S151 Officer	-	-	-	-	-	-	-	-	-	-
Revenue Grants	COMF - general allocation remainder of £913k	-	(0.030)	0.030	-	-	-	-	-	-	-	-
Revenue Grants	Garden Community Capacity Funding	Executive Director - Place & Regeneration	(0.192)	-	-	(0.192)	0.192	-	-	-	-	-
Revenue Grants	SPARK	Executive Director - Neighbourhood Services	(0.010)	-	-	(0.010)	-	-	-	-	-	(0.010)
Revenue Grants	Rough Sleep Initiative	Executive Director - Neighbourhood Services	(0.005)	-	-	(0.005)	0.005	-	-	-	-	-
Revenue Grants	Eco Town Revenue		-	-	-	-	-	-	-	-	-	-
Revenue Grants	Flood Recovery Grant		-	-	-	-	-	-	-	-	-	-
Revenue Grants	Homelessness Prevention	Executive Director - Neighbourhood Services	(0.202)	0.189	-	(0.013)	0.001	-	-	-	-	(0.012)
Revenue Grants	Police & Crime Commissioner	Executive Director - Neighbourhood Services	(0.064)	-	-	(0.064)	0.016	0.018	0.020	0.010	-	- 0.00
Revenue Grants	Green Deal Pioneer Places		-	-	-	-	-	-	-	-	-	-
Revenue Grants	Bicester Garden Town	Executive Director - Place & Regeneration	(0.377)	0.222	-	(0.155)	0.112	-	-	-	-	(0.043)
Revenue Grants	Bicester Village Roundabout	Executive Director - Place & Regeneration	(0.182)	0.007	-	(0.175)	0.007	0.007	0.007	0.007	0.007	(0.141)
Revenue grants	Hanwell Fields S106 funding revenue	Executive Director - Neighbourhood Services	(0.091)	-	-	(0.091)	-	-	-	-	-	(0.091)
Revenue grants	Community Initiative Fund (S106)	Executive Director - Neighbourhood Services	(0.028)	-	-	(0.028)	-	-	-	-	-	(0.028)
Revenue grants	Land at White Post road S106 funding revenue	Executive Director - Neighbourhood Services	(0.049)	-	-	(0.049)	-	-	-	-	-	(0.049)
Revenue grants	Milton Road, Ayres Drive S106 funding revenue	Executive Director - Neighbourhood Services	(0.209)	-	-	(0.209)	-	-	-	-	-	(0.209)
Revenue grants	Discretionary Housing Payments matched funding	S151 Officer	-	-	-	-	-	-	-	-	-	-
Revenue grants	UK Resettlement Scheme reserve	Executive Director - Neighbourhood Services	(0.259)	0.111	-	(0.148)	-	-	-	-	-	(0.148)
Revenue grants	Non-recurring ringfenced grants	S151 Officer	(0.024)	-	-	(0.024)	-	0.024	-	-	-	-

Revenue grants	S106 Monitoring Fees	Executive Director - Place & Regeneration	(0.023)	-	-	(0.023)	-	-	-	-	-	(0.023)
Revenue grants	Bicester Himley Village S106 Funding	Executive Director - Neighbourhood Services	(0.078)	-	-	(0.078)	-	-	-	-	-	(0.078)
Revenue grants	S106 Revenue Contributions	S151 Officer	(0.097)	-	-	(0.097)	-	-	-	-	-	(0.097)
Revenue Grants	Afghan Resettlement scheme reserve	Executive Director - Neighbourhood Services	-	-	-	-	-	-	-	-	-	-
			-	-		-						-
	Capital Reserves		0			0						
Capital Reserves	Disabled Facilities Grants	Executive Director - Neighbourhood Services	(0.171)	(0.022)	-	(0.193)	0.061	0.061	0.061	-	-	(0.010)
Capital Reserves	Capital Receipts Reserve	S151 Officer	-	-	-	-	-	-	-	-	-	-
Capital Reserves	Cherwell Local Lottery - Play Well in Cherwell	Executive Director - Neighbourhood Services	-	-	-	-	-	-	-	-	-	-
Capital Reserves	Capital Grants & Contributions	S151 Officer	(4.335)	0.720	-	(3.615)	3.355	-	-	-	-	(0.260)
Capital Reserves	Hanwell Fields S106 funding capital	Executive Director - Neighbourhood Services	(0.046)	-	-	(0.046)	-	-	-	-	-	(0.046)
Capital Reserves	Land at White Post road S106 funding Capital	Executive Director - Neighbourhood Services	(0.340)	-	-	(0.340)	-	-	-	-	-	(0.340)
Capital Reserves	S106 Capital funding	S151 Officer	(0.429)	-	-	(0.429)	-	-	-	-	-	(0.429)
Capital Reserves	Ringfenced Capital receipts	S151 Officer	-	(0.306)	-	(0.306)	-	-	-	-	-	(0.306)
			(46.557)	**(2.736)**	**-**	**(49.294)**	**4.333**	**(1.467)**	**(1.505)**	**(1.575)**	**(1.591)**	**(51.099)**

Appendix 3 - General Balances Risk Assessment

Risk	Mitigation	Likelihood	Probability Weighted potential impact (Medium Term) £m
Business Rates Appeals being 1% Greater than current assumptions	Provision has been made for a prudent level of appeals.	15%	0.540
Business Rates Growth Forecasts optimistic	Business rates forecast based on latest intelligence of businesses included on the ratings list. The Government has indicated a 100% Safety Net in 2026/27, reducing to 97% in 2027/28 and to 92.5% in 2028/29.	25%	0.230
Council Tax growth forecasts optimistic	Council tax forecasts are based on Land Supply Data from Planning.	25%	0.251
Council Tax Support Claimants greater than budgeted	The taxbase projections have assumed the current level of CTS claimants continues.	25%	0.015
Outcome of the Government Fair Funding Review	The outcome may not be in line with current financial planning assumptions of neutral in real terms. There is potential for both improvements and deterioration. But not expected to take place until 2025/26 at the earliest.	20%	4.000
Inflation runs at higher than rate assumed in MTFS	Budget assumes inflationary impacts.	25%	0.110
Pay Inflation runs at 1% higher than rate assumed	Budget assumes inflationary impact of pay award.	25%	0.425
1% unbudgeted rise in short-term and long-term interest rates	The Council has factored in to the budget prudent assumptions about interest rates at which it will borrow in 2024/25.	5%	0.100
Delivering the savings programme and identifying future savings	The Council has scrutinised the savings proposals included within the budget, but anticipate having to identify significant savings in the medium term. MTFS balanced for 3 years.	20%	0.260
Commercial Risk	Regular reviews take place of the Council's commercial interests and the latest estimates have been used when setting the budget. Also hold a commercial risk reserve.	10%	0.850
Loans, Guarantees and Bonds	Regular reviews take place with the companies that loans and guarantess are given to in order to ensure that they are on a stable financial footing.	1%	1.030
Exceeding the 5% Partial Exemption VAT limit	VAT Returns are carried out monthly to HMRC and the VAT position monitored appropriately.	10%	0.200
TOTAL			**8.011**

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This report is public	
November Monthly Performance Report 2025-2026	
Committee	Budget Planning Committee
Date of Committee	20 January 2026
Portfolio Holder presenting the report	Councillor Lesley McLean, Portfolio Holder for Finance
Date Portfolio Holder agreed report	7 January 2026
Report of	Assistant Director of Finance (Section 151 Officer)

Purpose of report

To report to the committee the council's financial position at the end of the financial year 2025-2026.

1. Recommendations

The Budget Planning Committee resolves:

1.1 To note the contents of this report.

2. Executive Summary

2.1 At its 6 January 2026 Meeting Executive were recommended to:

- To consider and note the contents of the council's financial management report as at the end of November 2025.
- To note the release of £0.060m from Policy Contingency for development resource required for property projects, associated planning advisors, consultancy and initial ground condition reports, as well as information on flooding.
- To note the write offs held within Appendix 4.

2.2 CDC monitors its financial position on a monthly basis. This report provides the forecast outturn position for the year end based on the position as at 30 November 2025.

2.3 This report sets out the forecast year-end position for 2025/26, projecting an overspend of £0.609m to the financial year end. This is an increase of £0.209m compared to the year end forecast at Period 7.

2.4 The capital forecast year-end position will be reported on a Quarterly basis with the third report being December 2025.

Implications & Impact Assessments

Implications	Commentary
Finance	Financial and Resource implications are detailed within sections 4.1 and 4.2 of this report. The reserves policy requires Executive to agree transfers to and from earmarked reserves and general balances during the financial year. Michael Furness, Assistant Director of Finance, 7 January 2026

Legal	There are no legal implications arising at this stage. However the report emphasises the importance of budget management and the need to maintain budgetary control. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers. The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables Executive to remain aware of issues and understand the actions being taken to maintain a balanced budget. The report sets out as at November 2025 finance position for the Council as part of its fiduciary duty to implement budgetary controls and monitoring. Shiraz Sheikh, Assistant Director Law & Governance, Monitoring Officer, 7 January 2026			
Risk Management	There are no risk implications arising directly from this report. Financial resilience risk is managed, and reported quarterly, through the Leadership Risk register. Celia Prado-Teeling, Performance & Insight Team Leader, 7 January 2026			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		X		There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 7 January 2026
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		N/A
ICT & Digital Impact		X		N/A
Data Impact		X		N/A
Procurement & subsidy		X		N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	This report sets out the financial forecast for the financial year ended 31 March 2026, therefore no formal consultation or engagement is required.			

Supporting Information

3. Background

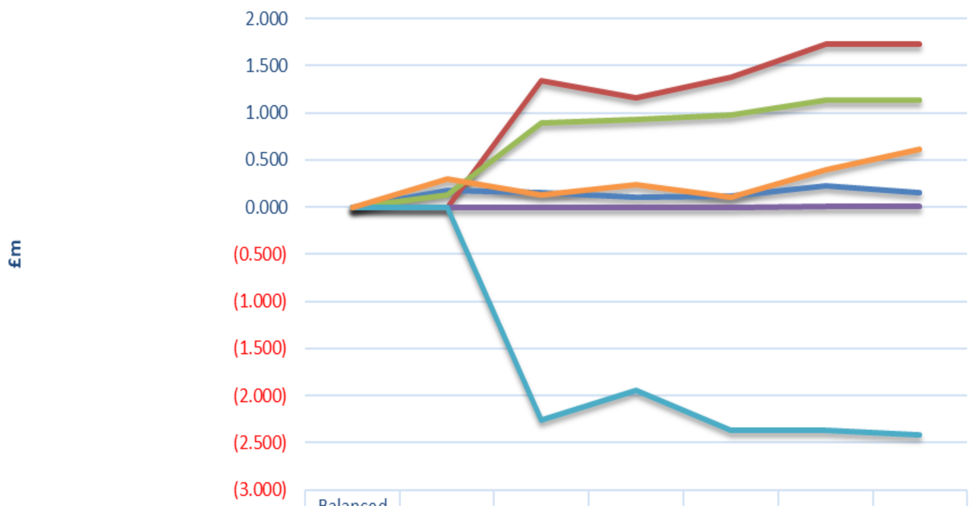
3.1 The council actively and regularly monitors its financial position to ensure it can deliver its corporate priorities and respond effectively to emerging issues.

3.2 This monitoring takes place monthly for finance, so the council can identify potential issues at the earliest opportunity and put measures in place to mitigate them.

4. Details

4.1.1 The Finance section presents the forecast year-end revenue position for the 2025/26 financial year and in a summary dashboard as detailed below:

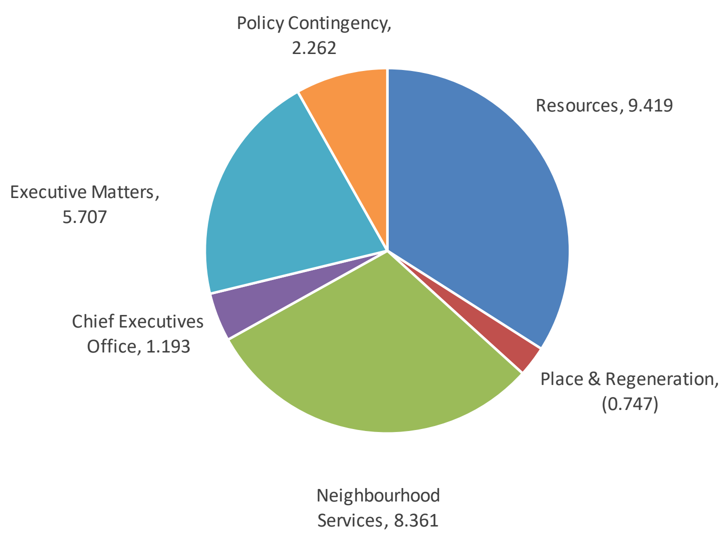
Monthly Forecast Variance By Directorate

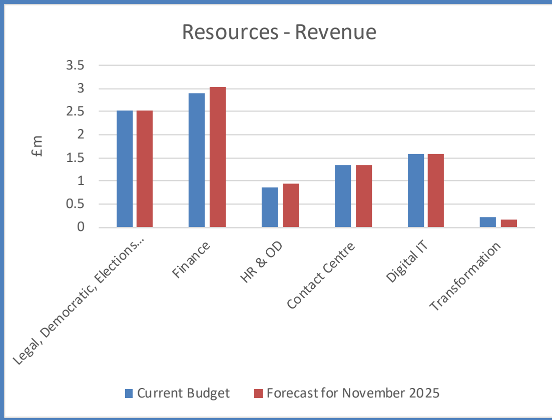


	Balanced Budget	May 25	June 25	Aug 25	Sept 25	Oct 25	Nov 25
Resources	0.000	0.171	0.154	0.108	0.122	0.224	0.153
Place & Regeneration	0.000	0.000	1.343	1.154	1.382	1.728	1.728
Neighbourhood Services	0.000	0.125	0.894	0.924	0.973	1.132	1.134
Chief Executives Office	0.000	0.000	0.000	0.000	0.000	0.005	0.005
Policy Contingency & Executive Matters	0.000	0.000	(2.259)	(1.950)	(2.369)	(2.369)	(2.411)
Overall Council Position	0.000	0.30	0.132	0.236	0.108	0.400	0.609

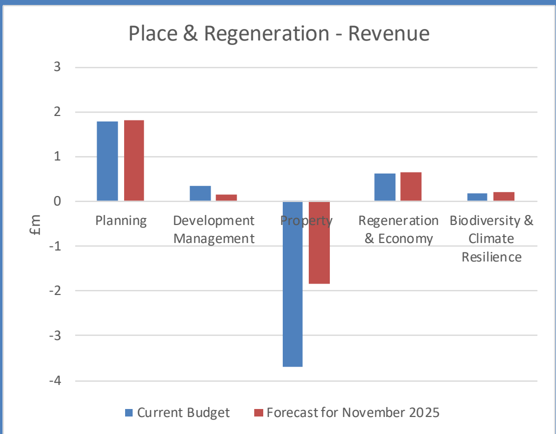
Current Budget By Service Area

Total Net Budget £26.195m

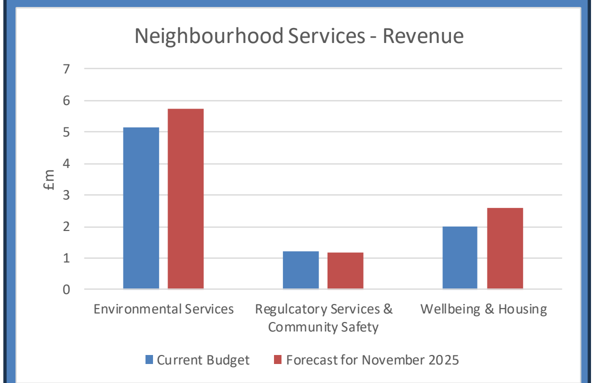




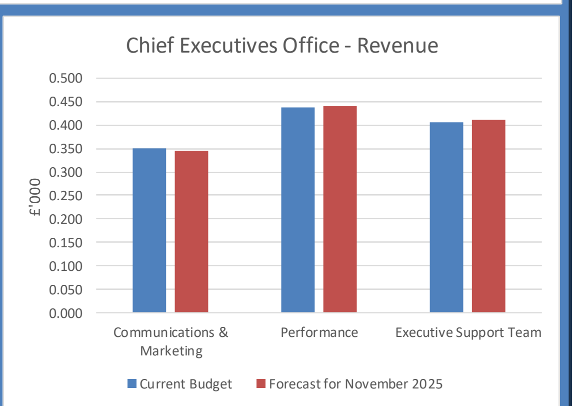
Resources - Revenue
£m
3.5
3
2.5
2
1.5
1
0.5
0
Legal, Democratic, Elections…
Finance
HR & OD
Contact Centre
Digital IT
Transformation
Current Budget
Forecast for November 2025



Place & Regeneration - Revenue
£m
3
2
1
0
-1
-2
-3
-4
Planning
Development Management
Property
Regeneration & Economy
Biodiversity & Climate Resilience
Current Budget
Forecast for November 2025



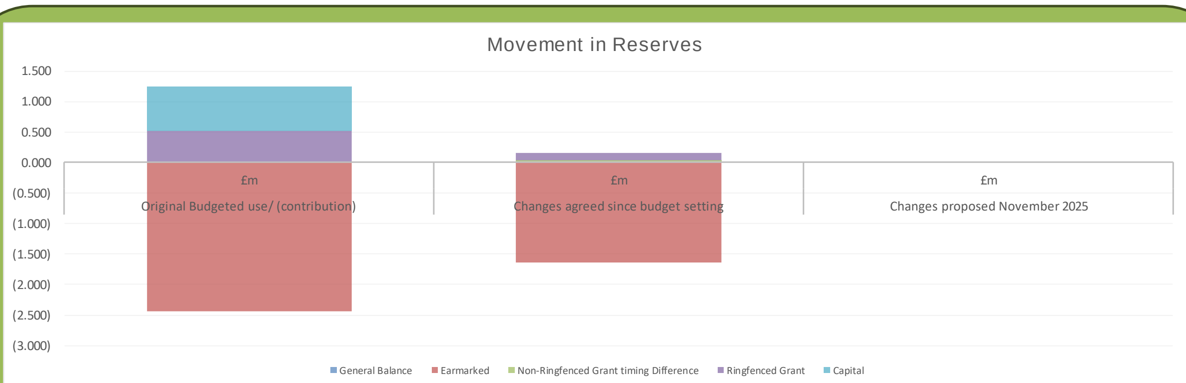
Neighbourhood Services - Revenue
£m
7
6
5
4
3
2
1
0
Environmental Services
Regulcatory Services & Community Safety
Wellbeing & Housing
Current Budget
Forecast for November 2025



Chief Executives Office - Revenue
£'000
0.500
0.450
0.400
0.350
0.300
0.250
0.200
0.150
0.100
0.050
0.000
Communications & Marketing
Performance
Executive Support Team
Current Budget
Forecast for November 2025

Directorate Analysis

Service	Resources	Place & Regeneration	Neighbourhood Services	Chief Executive Office	Executive Matters	Policy Contingency	Total
Budget approved by Council	**9.419**	**-0.747**	**9.761**	**1.193**	**4.306**	**2.428**	**26.360**
Budget Adjustments approved:							
Move of the EPR Budget to Env Servs			-1.400		1.400		
Current Budget	**9.419**	**-0.747**	**8.361**	**1.193**	**5.706**	**2.428**	**26.360**
Wellbeing & Housing - Top slice of grants, IT license costs and temporary accommodation costs			0.575				**0.575**
Environmental - gate fees, agency			0.926				**0.926**
Property - shortfall in projected income		1.843				-1.100	**0.743**
Environmental Services - Additional EPR funding			-0.309				**-0.309**
Treasury					-0.811		**-0.811**
Dividend					-0.500		**-0.500**
Transformation - over recovery of land charges income and vacancies	-0.066						**-0.066**
Contact Centre - minor underspend	-0.008						**-0.008**
Planning - Various		0.021					
Development Management - Over Recovery of Income		-0.198					**-0.198**
Biodiversity & Climate Resilience		0.010					**0.010**
Regulatory Services underspend - staffing changes & less Contribution to CCTV than anticipated			-0.058				**-0.058**
Regeneration & Economy - primarily due to staffing costs where a full-time post is only partially funded (50%) through the service budget.		0.052					**0.052**
IT - Minor overspends across the service	0.015						**0.015**
HR & OD - Overtime policy changes non-deliver	0.041						**0.041**
HR & OD - Legal emplyment advice, Recruitment Costs & Minor Overspends	0.043						**0.043**
Chief Executives - Minor Overspends across the Directorate				0.005			**0.005**
Finance - increased expenditure on temporary accomodation & supported accomodation claims	0.197						**0.197**
Finance - Additional New Burdens Grant Income	-0.069						**-0.069**
Performance - Minor Overspend							**0.000**
Executive Support Team - Minor Overspend							**0.000**
Current (Under)/Overspends	**0.153**	**1.728**	**1.134**	**0.005**	**-1.311**	**-1.100**	**0.588**



4.1.2 The council’s overall forecast year-end position for 2025/26 is an overspend of £0.609m. The forecast currently shows an overspend across Directorates with potential mitigations that are currently being investigated, these mitigations are not part of the forecast.

The projected outturn for the services is summarised below in Table 1 and further details providing explanations for variances can be found in Appendix 2.

4.1.3 The table shows the November 2025 year-end forecast compared to the current budget across various services. Overall, the total budget is £26.195m, with a forecast of £26.804m, resulting in an overspend of £0.609m (2.3%). The largest variances are in Neighbourhood Services which includes, Environmental Services £0.617m, 12.0%, and Wellbeing & Housing £0.575m 28.8%, along with the following in Place & Regeneration, Property £1.843m, 50.1%, and Development Management £0.198m, -57.6%, The subtotal for directorates shows a £3.020m overspend (16.6%), compared to October, the overall position has worsened by £0.209m. Significant underspends are noted in Policy Contingency (£1.100m), (48.6%), and Executive Matters (£1.311m), (23%), which together provide a strong mitigating effect against directorate-level increases.

Table 1: Forecast Year End Position

Service	Current Budget £m	November 2025 Forecast to Year End £m	November Variance (Under) / Over £m	% Variance to current budget %	October Variance (Under) / Over £m	Change since Previous (better) / worse £m
Legal, Democratic, Elections & Procurement	2.518	2.518	0.000	0.0%	0.000	0.000
Finance	2.911	3.039	0.128	4.4%	0.178	(0.050)
HR & OD	0.852	0.936	0.084	9.9%	0.086	(0.002)
Contact Centre	1.340	1.332	(0.008)	0.6%	(0.009)	0.001
Digital IT	1.575	1.590	0.015	1.0%	0.015	0.000
Transformation	0.223	0.157	(0.066)	-29.6%	(0.046)	(0.020)
Resources	**9.419**	**9.572**	**0.153**	**1.62%**	**0.224**	**(0.071)**
Planning	1.796	1.817	0.021	1.2%	0.046	(0.025)
Development Management	0.344	0.146	(0.198)	-57.6%	(0.239)	0.041
Property	(3.681)	(1.838)	1.843	-50.1%	1.539	0.304
Regeneration & Economy	0.609	0.661	0.052	8.5%	0.052	0.000
Biodiversity & Climate Resilience	0.185	0.195	0.010	5.4%	0.010	0.000
Place & Regeneration	**(0.747)**	**0.981**	**1.728**	**-231.3%**	**1.408**	**0.320**
Environmental Services	5.133	5.750	0.617	12.0%	0.606	0.011
Regulatory Services & Community Safety	1.232	1.174	(0.058)	-4.7%	(0.049)	(0.009)
Wellbeing & Housing	1.996	2.571	0.575	28.8%	0.575	0.000
Neighbourhood Services	**8.361**	**9.495**	**1.134**	**13.6%**	**1.132**	**0.002**
Communications & Marketing	0.350	0.346	(0.004)	-1.1%	(0.004)	0.000
Performance	0.437	0.440	0.003	0.7%	0.003	0.000
Executive Support Team	0.406	0.412	0.006	1.5%	0.006	0.000
Chief Executives Office	**1.193**	**1.198**	**0.005**	**0.4%**	**0.005**	**0.000**
Subtotal for Directorates	**18.226**	**21.246**	**3.020**	**16.6%**	**2.769**	**0.251**
Executive Matters	5.707	4.396	(1.311)	-23.0%	(1.269)	(0.042)
Policy Contingency	2.262	1.162	(1.100)	-48.6%	(1.100)	0.000
Total	**26.195**	**26.804**	**0.609**	**2.3%**	**0.400**	**0.209**
FUNDING	**(26.195)**	**(26.195)**	**0.000**	**0.0%**	**0.000**	**0.000**
Forecast (Surplus)/Deficit	**0.000**	**0.609**	**0.609**		**0.400**	**0.209**

Note: A positive variance is an overspend or a reduction in forecast income and a (negative) is an underspend or extra income received. Green represents an underspend and red represents a overspend for the current month's forecast.

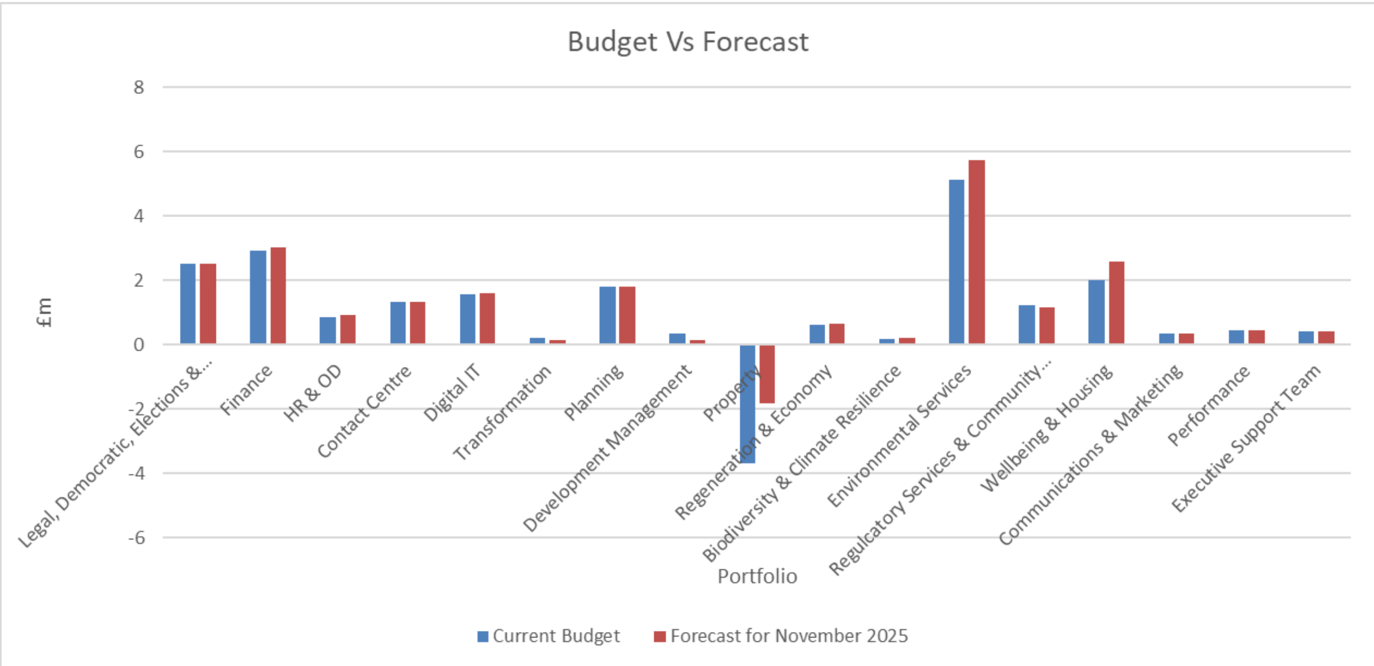
4.1.4 Table 2 below analyses the variances to distinguish between base budget variances and variances resulting from the non-delivery of previously approved savings. The non-delivery of savings has a knock-on impact on the Medium-Term Financial Strategy as failure to deliver on an ongoing basis adds to future pressures.

Table 2: Analysis of Variance – November 2025

Breakdown of current month forecast	November 2025 Forecast to Year End £m	Base Budget Over/ (Under) £m	Savings Non-Delivery £m
Resources	9.572	9.496	0.076
Place & Regeneration	0.981	0.923	0.058
Neighbourhood Services	9.495	9.164	0.331
Chief Executives Office	1.198	1.198	0.000
Subtotal Directorates	**21.246**	**20.781**	**0.465**
Executive Matters	4.396	4.396	0.000
Policy Contingency	1.162	1.162	0.000
Total	**26.804**	**26.339**	**0.465**
FUNDING	**(26.195)**	**(26.195)**	**0.000**
(Surplus)/Deficit	**0.609**	**0.144**	**0.465**

4.1.5 The graph below shows the Budget compared with the forecast to the end of the financial year.

Graph 1: Budget compared with Forecast



4.1.6 Table 3 below summarises the major forecast variances for the reporting period. Further details can be found in Appendix 2.

Table 3: Top Major Variances:

Service	Current Budget	Variance	% Variance
Property	(3.681)	1.843	-50.1%
Environmental	5.133	0.617	12.0%
Wellbeing & Housing	1.996	0.575	28.8%
Total	**3.448**	**3.035**	

4.1.7 Allocations to and from reserves are made according to the Reserves Policy. Table 5 below summarises the movements, there are no reserve requests as at 30 November 2025.

Table 4: Reserves:

Reserves	Balance 1 April 2025 £m	Original Budgeted use/ (contribution) £m	Changes agreed since budget setting £m	Changes proposed November 2025 £m	Balance 31 March 2026 £m
General Balance	(8.021)	0.000	0.000	0.000	(8.021)
Earmarked	(31.264)	(2.444)	(1.637)	0.000	(35.345)
Non-Ringfenced Grant timing Difference	(0.033)	0.000	0.033	0.000	0.000
Ringfenced Grant	(1.918)	0.523	0.129	0.000	(1.266)
Subtotal Revenue	**(41.236)**	**(1.921)**	**(1.475)**	**0.000**	**(44.632)**
Capital	(5.321)	0.720	0.000	0.000	(4.601)
Total	**(46.557)**	**(1.201)**	**(1.475)**	**0.000**	**(49.233)**

*According to the Reserves Policy Executive are not required to approve contributions to Capital Reserves.

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: This report summarises the council's forecast revenue financial position up to the end of March 2026, therefore there are no alternative options to consider.

6 Conclusion and Reasons for Recommendations

6.1 It is recommended that the contents of the report are noted.

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	All

Document Information

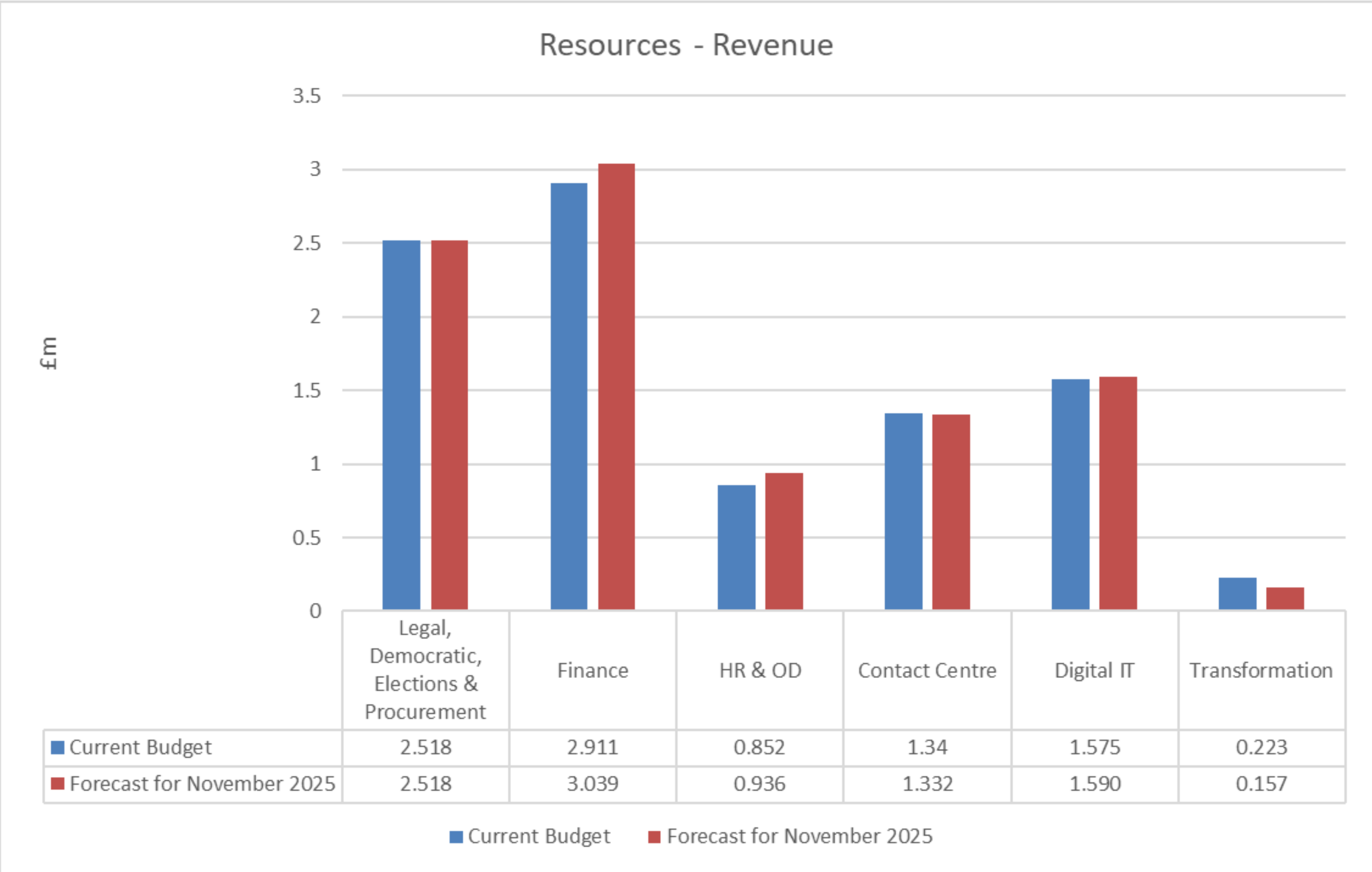
Appendices	
Appendix 1	Detailed Revenue Narrative on Forecast November 2025
Appendix 2	Virements & Aged Debt November 2025
Appendix 3	Funding November 2025
Appendix 4	EXEMPT Write Off Details November 2025
Background Papers	N/A
Reference Papers	N/A
Report Author	Leanne Lock
Report Author contact details	Leanne.lock@cherwell-dc.gov.uk 01295 227098

Appendix 1 – Detailed Narrative on Forecast November 2025

Resources

Revenue:

Resources are forecasting £0.153m overspend against a budget of £9.419m (1.62%).
The majority of the directorate's overspend relates to a share of the overtime policy implications, whilst being offset by other minor underspends. Whilst there is limited ability to reduce the actual overspend due to the reason for it occurring, the directorate monitors all spend to minimise any unnecessary costs and spend and embodies the councils aim for striving to excellence in financial management.



Legal, Democratic, Elections & Procurement Variation £0.000m	Overview of Forecast: We are currently showing no overspend however there is a real risk that overspend occurs. We have increased the income forecast, based on current projection, but this is very much dependent on developers/ planners agreeing s106 agreements. Continued recruitment issues also mean that we continue use locum staff in high-risk areas such planning and litigation. Recruitment still an issue across law and governance and we are looking at readvertisements.

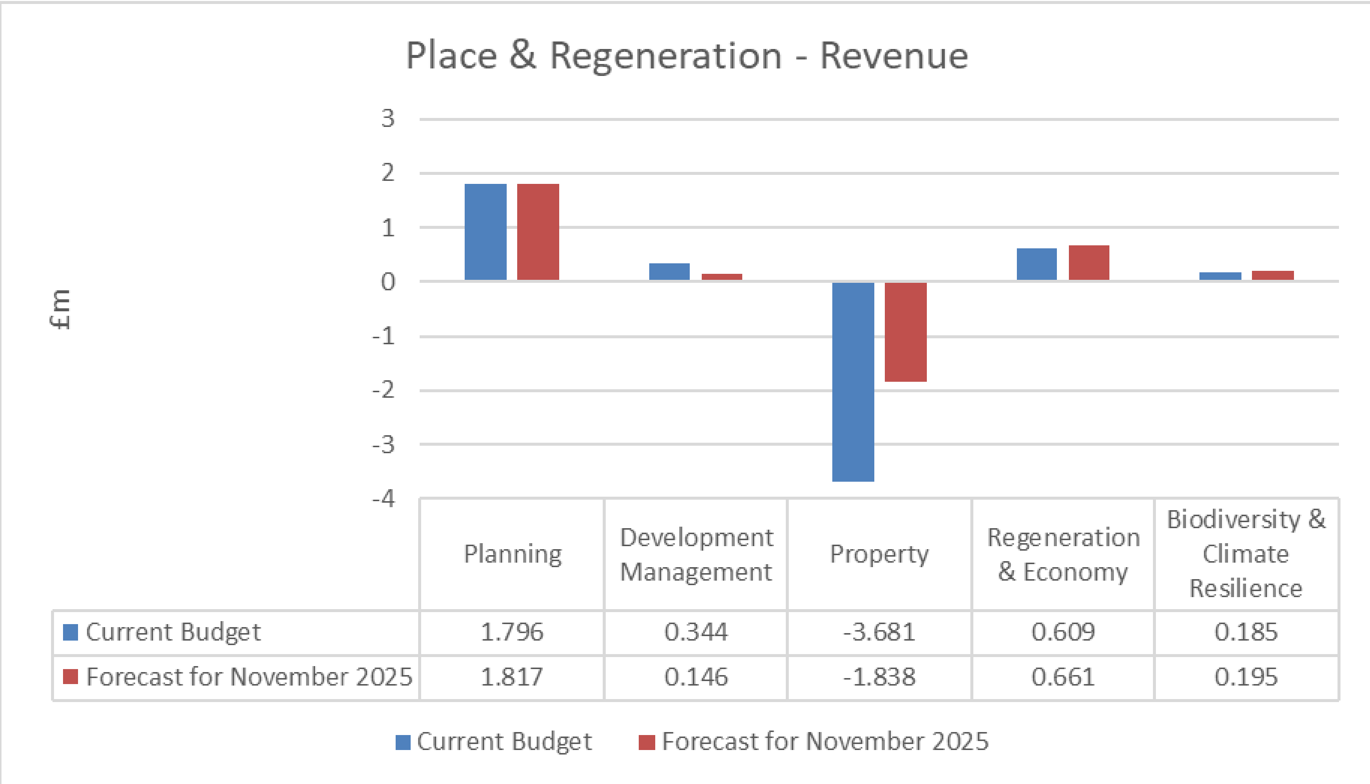
Variations To October’s Forecast £0.000m	
Finance Variation £0.128m Overspend Variation to October’s Forecast (£0.050m)	The forecast year end position is an overspend of £0.128m. Following the submission of the Mid-year estimate for Housing Benefit Grant to the DWP and including a review of the caseload, despite a reduction in the overall grant payments to be made, we are forecasting a overspend due to increased expenditure on Temporary accommodation and Supported accommodation claims which are not fully grant funded by the Government, but the council has an obligation to pay. Additional New Burdens grant funding has also been received of (£0.069m). Minor changes across budget areas this month.
HR & OD Variation £0.084m Overspend Variation to October’s Forecast (£0.002m)	The main driver of the forecasted overspend is the corporate decision not to proceed with changes to the current overtime policy, resulting in the non-delivery of £0.041m savings. Other overspends have emerged during the year, that were not anticipated at the time of budget setting for 2025/26. These overspends include legal costs for employment advice (£0.020m), graduate recruitment costs (£0.007m), training software licence costs (£0.012m) and consultants fees relating to the structure project (£0.006m). The overspend has increased due to more legal costs anticipated and the recruitment costs for the graduates that were not included in previous forecast.
Contact Centre Variation (£0.008m) Underspend Variation to October’s Forecast £0.001m	Customer Contact Centre is running to budget. Land Charges is showing a small underspend due to additional income. However, will need to monitor closely as there is a risk that post budget impact on the housing market could reduce income during remainder of financial year.
Digital IT Variation £0.015m Overspend	Minor overspends across the service.

Variation to October's Forecast (£0.000m)	Vacant post not filled until part way through the year.
Transformation Variation (£0.066m) Underspend Variation to October's Forecast (£0.020m)	 Underspend is due to current Business Process Analyst Vacancy. Planning to recruit for this in Q4 of 2025/26, assuming greater clarity and stability of pipeline of work for the Transformation PMO. Business Process Analyst Vacancy remains vacant.

Place & Regeneration

Revenue:

Place & Regeneration are forecasting £1.728m overspend against a budget of (0.747m) (-231.3%).



Planning & Development Management	

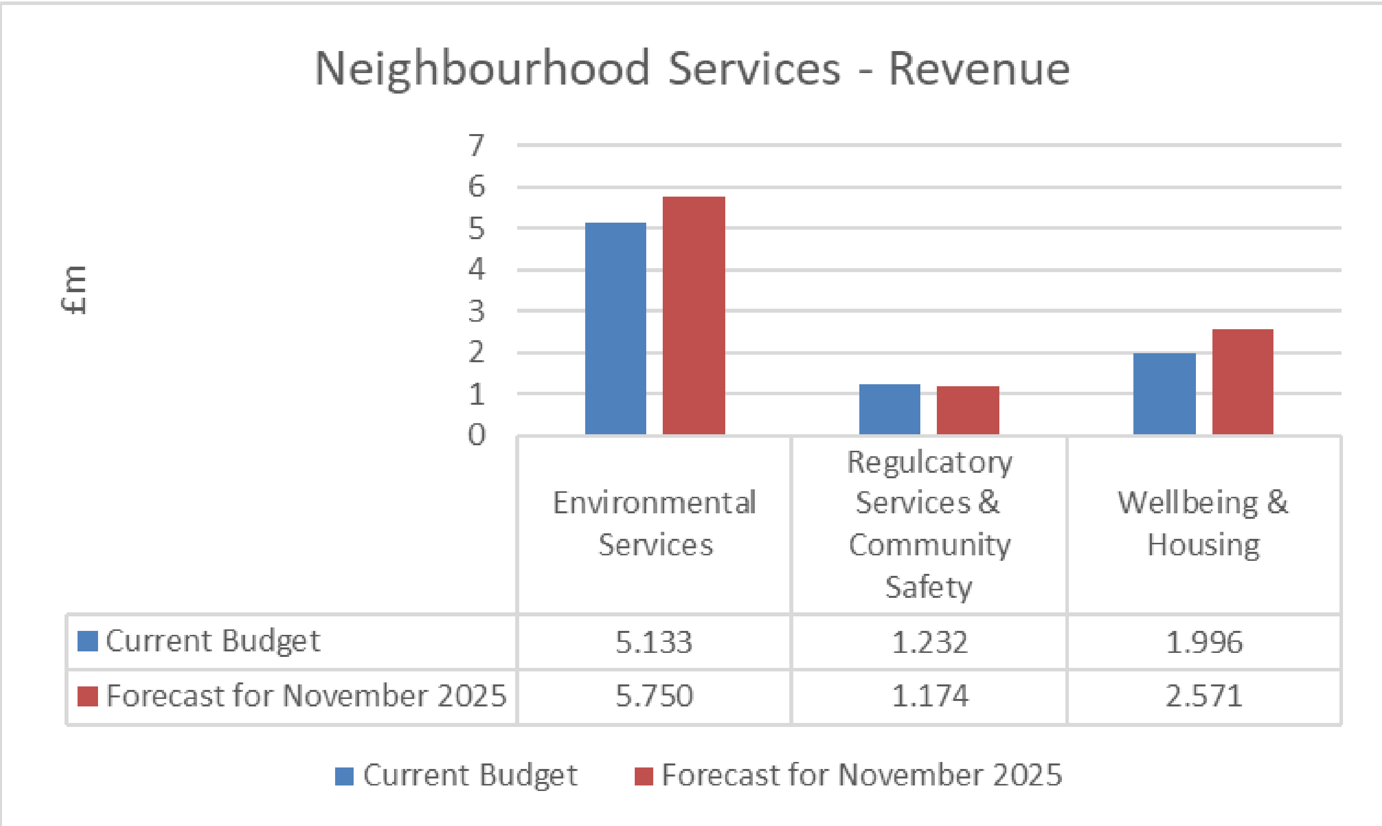
Planning Variation £0.021m Overspend Development Management Variation Underspend (£0.198m) Variation to October's Forecast Planning (£0.025m) Development Management £0.041m	Building Control is presently forecast to be within budget (-£0.035m) assisted by additional income receipts. Planning Policy, Conservation & Design is presently forecast to be overbudget by some £0.053m due to staff resource costs associated with the submission of the Local Plan and its Examination. A reserve is available for the Local Plan Examination that can be called upon if required in due course. Development Management is presently forecasting an underspend of (-£0.198). Income is expected to exceed budget by the end of the year. In addition to national fee increases at the start of the financial year, a number of strategic applications have been received with higher fees. Resource needs to meet additional demands are being kept under review. The main changes since last month are the Development Management forecasts for Planning Performance Agreement income and staffing agency costs. Both have significantly increased which reflects the level of service activity on strategic planning applications. Continued close monitoring of Development Management income and agency costs.
Property Variation £1.843m Overspend Variation to October's Forecast £0.304m	 A detailed review of the in year position, including a number of rent reviews has identified a reduction in the 25/26 forecast, primarily due to lower than expected rental income from delayed lettings, reduced renewal rates and tenant failures. Offsetting this, we anticipate higher turnover rents, improved insurance recovery, and increased income from car parking and Lock29. To strengthen future reporting, we have completed a full data review, introduced improved processes for regular financial updates, and are recruiting an in-house resource to replace the current supplier role, ensuring greater clarity and robustness. While unforeseen events remain a risk, these measures will significantly reduce volatility and improve confidence in future forecasts.
Regeneration & Economy Variation £0.052m Overspend	 Regeneration & Growth is currently reporting an overspend of £0.052m, primarily due to staffing costs where a full-time post is only partially funded (50%) through the service budget. A review of the team's structure and budget allocation is underway, following approval of the new structure in November, which will mitigate the overspend.

Variation to October's Forecast £0.000m	
Biodiversity & Climate Resilience Variation £0.010m Overspend Variation to October's Forecast £0.000m	The forecasted pressure of £0.010m within Biodiversity & Climate Resilience is largely due to an increase in forecast studies and annual reports required in 2025/26.

Neighbourhood Services

Revenue:

Neighbourhood Services are forecasting £1.134m overspend against a budget of £8.361m (13.6%).
The forecast overspend should remain stable as whole year costs have been reflected based on the first 6 months activity. Mitigations are being sought where possible and close working across the services to identify programmes that can be slowed or delayed to ease the budget pressures are being sought. The drivers for the overspend are long term sickness in our waste crew, additional temporary accommodation costs, and the delayed delivery of implementing an Agency arrangement in our Leisure Centres.



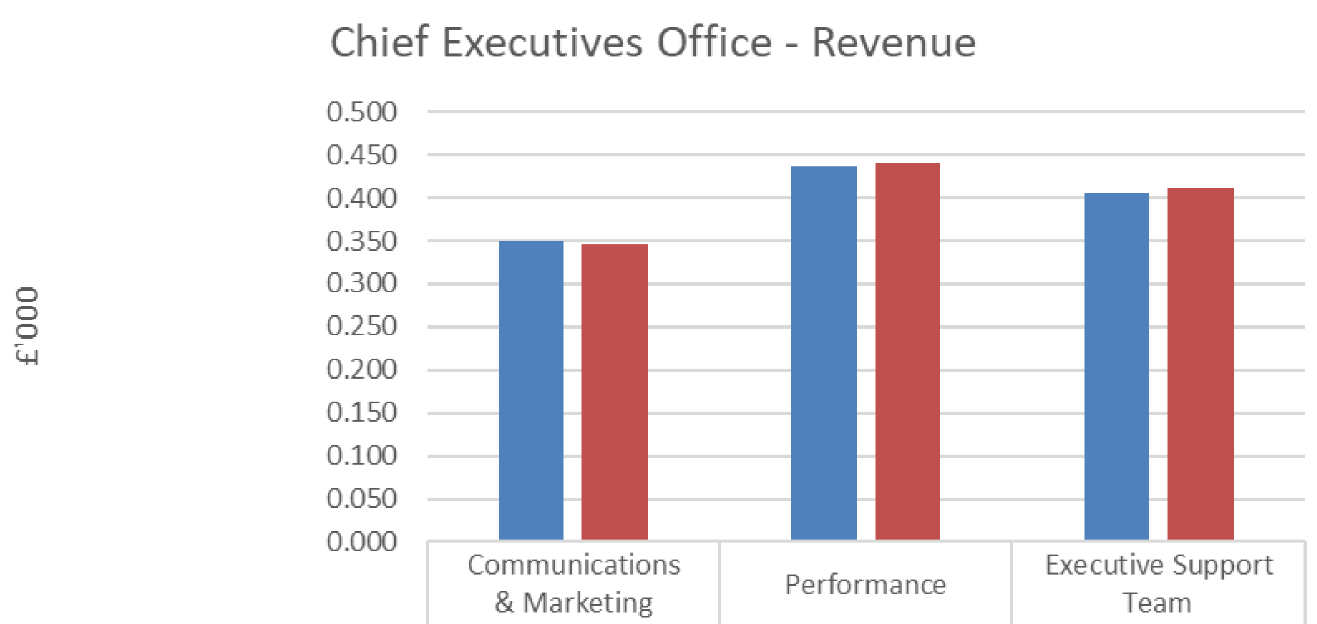
Environmental Services Variation £0.617m Overspend	The forecasted pressure of £0.617m within Environmental Services is largely due to staffing pressures £0.610m within Waste and Recycling primarily because of agency staff usage. His pressure is being actively managed by the service with support as needed from HR. An under recovery of anticipated income for the Vehicle workshop for internal and external for labour on vehicle repairs of £0.113m. A reduction of £0.015m in anticipated income for street markets and annual fairs. The rise in gate fees and increase in more expensive repairs to an aging fleet have also impacted the service.
Variation to October's Forecast £0.011m	There have been small movements across many services in the last month resulting in an increased overspend. Mitigations are being actively sought. Environmental services are continuing to investigate ways to mitigate this overspend, to date they include non-recruitment to several vacant posts across the service, a reduction in Arboricultural works carried out at sites, additional work carried out on behalf of local partners and a reduction in non-essential training carried out. This will be continued to be monitored and mitigations identified throughout the year including curtailing any noncritical services to offset this overspend.
Regulatory Services & Community Safety Variation (£0.058m) Underspend	Regulatory Services and Community Safety are forecasting an underspend of £0.058m.
Variation to October's Forecast (£0.009m)	We have additional savings from staffing costs due to maternity leave.
Wellbeing & Housing Variation £0.575m Overspend	The forecast is based on whole year expenses being needed as budgeted and accounts for increased IT license costs, legal fees and the increase in temporary accommodation demand due to rising homelessness.

Variation to October's Forecast £0.000m	Changes in temporary accommodation provision is likely to increase forecasted costs in the short term, separate from demand pressures, and this is reflected through the new forecast. Potential efficiencies from changes in contractual arrangements within the service are yet to be realised, but are being accelerated, but are not yet forecastable. Over the course of the year, it may be possible to underspend on some provisions within the budget and reduce the forecasted overspend. Allowing for the increased budget provision for temporary accommodation the scale of the eventual overspend will depend on the demand for temporary accommodation.

Chief Executives Office

Revenue:

Chief Executives Office are forecasting £0.005m overspend against a budget of £1.193m (0.4%).
Overall, the Service is £0.005m (0.4%) behind budget for the 25/26 financial year. The respective areas are managing their budgets carefully and it is anticipated that the full year budget will be achieved.



	Communications & Marketing	Performance	Executive Support Team
Current Budget	0.350	0.437	0.406
Forecast for November 2025	0.346	0.440	0.412

Communications & Marketing Variation (£0.004m) Underspend	Minor Variations within the service.

Variation to October's Forecast £0.000m	
Performance Variation £0.003m Overspend Variation to October's Forecast £0.000m	Minor Variations within the service.
Executive Support Team Variation £0.006m Overspend Variation to October's Forecast £0.000m	Minor Variations within the service.

Executive Matters

Revenue:

Executive Matters are forecasting a (£1.311m) underspend against a budget of £5.707m (-23.0%).

Executive Matters Variation (£1.311m) Underspend Variation to October's Forecast (£0.042m)	Executive Matters are forecasting an underspend of (£1.311m) funding that is due to be received in July, (£0.500m) dividend expected from Graven Hill and an over recovery of net interest of (£0.811m).

Policy Contingency

Revenue:

Policy Contingency are forecasting a (£1.100m) underspend against a budget of £2.262m (-48.6%).

Policy Contingency Variation (£1.100m) Underspend Variation to October's Forecast £0.000m	Policy Contingency includes £1.100m for Market Risk. This has been released (and shown as an underspend) in order to offset overspends in the directorates

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Appendix 2 - Virement Summary

Virement Movement

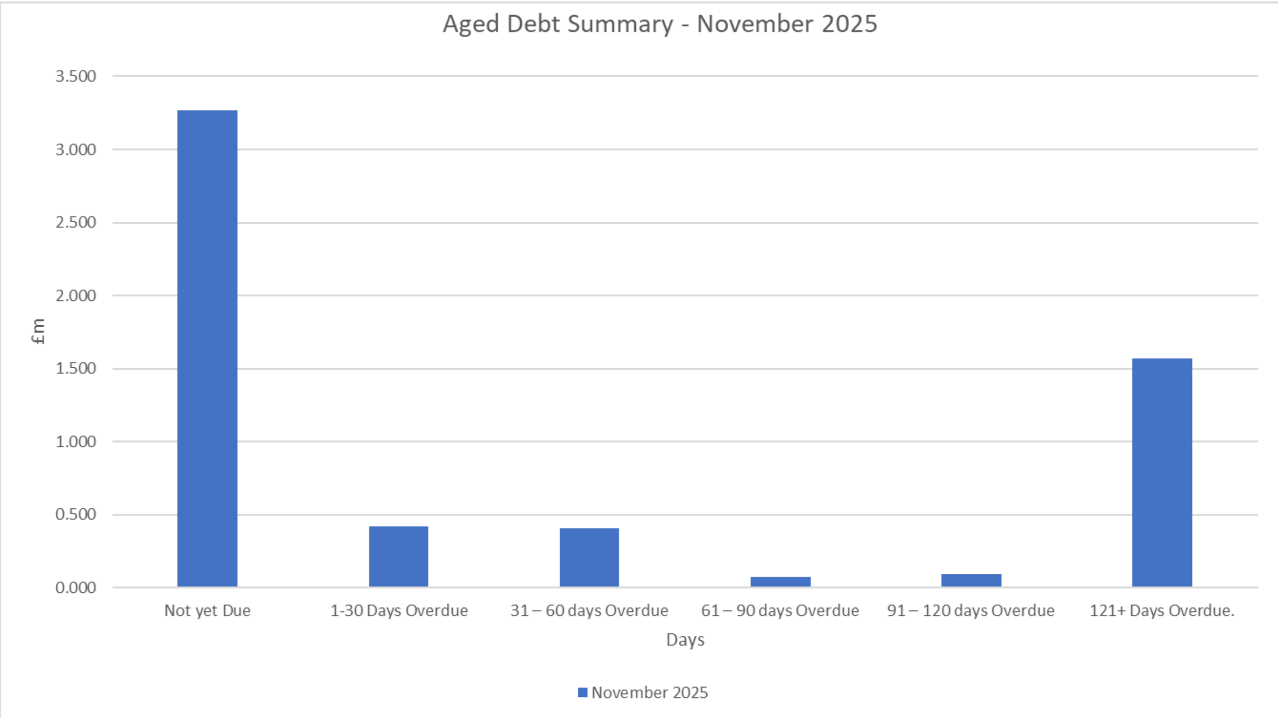
This table shows the movement in Net Budget from October 2025 to November 2025.

Virements - Movement in Net Budget	£m
Directorate Net Budget - November 2025	18.226
Directorate Net Budget - October 2025	18.176
Movement	**(0.050)**

Breakdown of Movements	£m
Arts Centre Feasibility Study from Policy Contingency	0.050
Total	**0.050**

Aged Debt Summary

The below graph shows the movement in sundry aged debt for the period ending 30 November 2025.



The financial regulations make provision for writing off debts that are bad, uneconomical to collect or irrecoverable. The Council maintains a number of bad debt provisions in the anticipation that debts will become bad and these once agreed are charged to the relevant provision or cost centre.

There is a provision within the council for sundry bad debt totalling £0.507m that is sufficient and by writing off the amount of debt mentioned in this report will not cause the provision to be exceeded. This provision is reviewed on a regular basis to ensure that we have sufficient within it.

Aged Sundry Debt Write Off Summary:

	£m
Sundry Debts previously written off	0.027
Sundry Debts written off in August 2025, September and October 2025 under S151 delegation	0.006
Sundry Debts written off in November 2025 over £0.005m details in Appendix 4	0.020
Total write offs in financial year 2025/26	**0.053**

Housing Benefit Write off Summary:

	£m
Housing Benefit previously written off	0.027
Housing Benefit due to be written off in August 2025 under S151 Delegation	0.000
Housing Benefit Overpayments to be written off via committee approval,	0.000
Total write offs in financial year 2025/2026	**0.027**

Council Tax Write off Summary:

	£m
Council Tax previously written off	0.374
Council Tax due to be written off in November 2025 under S151 Delegation	0.000
Council Tax to be written off via Committee	0.000
Total write offs in financial year 2025/2026	**0.374**

Non-Domestic Rates Write off Summary:

	£m
Non-Domestic Rates previously written off	0.105
Non-Domestic Rates to be written off in November 2025 under S151 Delegation	0.000
Non-Domestic Rates written off via Committee Approval	0.000
Total write offs in financial year 2025/2026	**0.105**

Appendix 3 - Funding for 2025/26

Specific Funding received since budget was set:

Dept.	Grant Name	Funding
		£
DLUHC	Homelessness Prevention Grant	(£0.246)
DLUHC	Rough Sleepers Accommodation Programme	(£0.035)
DLUHC	Redmond Review Implementation	(£0.024)
DLUHC	Local Audit Backstop New Burdens	(£0.046)
DLUHC	New Burdens Funding for Accommodation-based Domestic Abuse	(£0.037)
DLUHC	ATLAS	(£0.085)
DLUHC	New Burdens Funding for Renters Rights	(£0.049)
DEFRA	Biodiversity Net Gain Grant	(£0.027)
DEFRA	Food Waste Collection Grant	(£0.005)
DWP	Welfare Reform New Burdens Funding	(£0.035)
DWP	LA IT changes Scottish Government Grant	(£0.005)
DWP	LA IT Changes SHBE	(£0.001)
DWP	IT Suppliers	(£0.001)
DWP	Housing Benefit Award Accuracy Iniative	(£0.017)
Home Office	Afghan Relocations and Assistance Policy	(£2.103)
Home Office	Syrian Resettlement Programme	(£0.011)
DSIT	Innovate	(£0.025)
		(£2.752)

Grants included as part of Budget setting:

Directorate	Grant Name	£m
Communities	Afghan Relocations and Assistance Policy	(0.244)
	Asylum Accommodation Dispersal	(0.029)
	Homeless Prevention Grant	(0.763)
	Syrian Resettlement Scheme	(0.183)
	Homes for Ukraine	(0.417)
	UK Shared Prosperity Fund	(0.335)
	Communities Total	**(1.972)**
Resources	NNDR Cost of Collection Allowance	(0.231)
	Rent Allowances	(25.004)
	Resources Total	**(25.235)**
Services Sub-total		**(27.207)**
Corporate	Extended Producer Responsibility	(1.400)
	Funding Floor	(3.400)
	National Insurance Contribution Compensation	(0.258)
	Corporate Total	**(5.058)**
Cost of Services total		**(32.265)**
Funding	Business Rates Retained Scheme	(7.490)

	New Homes Bonus	(0.935)
	Revenue Support Grant	(0.368)
	Funding Total	**(8.793)**
Government Grants Total		**(41.058)**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 11

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Budget Planning Committee	
Work Programme 2025/2026	
Date	**Agenda Items**
10 March 2026	Finance Monitoring Report – Q3 (December 2025)
	Revenue from Council owned car parking charges
	Work Programme Update