OXFORDSHIRE COUNTY COUNCIL

Cabinet
Tuesday, 30 January 2024

ADDENDA 2 – Scrutiny Report, Section 5 and Updates

4. Reports from Scrutiny Committee on the Budget and Business Planning Report (Pages 1 - 12)

Report of Performance and Corporate Services Overview & Scrutiny Committee

5. Budget & Business Planning Report - 2024/25 - January 2024 (Pages 13 - 80)

Section 5 documents attached

Updates attached

This page is intentionally left blank

Divisions Affected – All

CABINET

30 January 2024

Budget Scrutiny Report
Report of Performance and Corporate Services Overview & Scrutiny Committee

RECOMMENDATION

1. The Cabinet is **RECOMMENDED** to —

   a) Note the observations in the report.

REQUIREMENT TO RESPOND

2. Owing to the absence of any formal recommendations, there is no requirement for Cabinet to respond to this report. However, it may do so if it wishes.

INTRODUCTION AND OVERVIEW

3. The Performance Overview and Scrutiny Committee holds constitutional responsibility for providing Scrutiny of the Council's budget proposals. It has done so this year in three stages as the budget proposals themselves have developed. At its meeting on 10 November 2023, the Committee explored directorate pressures and the Council's approach to savings for the Medium Term Financial Strategy (MTFS).

4. On 08 December 2023, it considered an indicative set of budget proposals whilst the Council awaited important information around the Council's income, particularly the effect of the Local Government Finance Settlement.

5. Finally, on 19 January 2024 the Committee considered an updated set of proposals. These proposals were not the final budget proposals being put forward to Cabinet for agreement; those presented at Scrutiny still required a further £900k to be found to allow the budget to be brought into balance. In the context of the Council's overall budget, this is a relatively small sum and the Committee is not concerned that it significantly impacts the value of its overall Scrutiny. It is, however, noted for transparency.

6. The purpose of this report is threefold:

   i) to provide to Cabinet the Performance and Corporate Services Overview and Scrutiny Committee's response to the budget proposals prior to deciding the details of the budget to be proposed at Council for ratification;

   ii) to inform members of Council of the issues identified by the Scrutiny Committee;

   iii) to provide assurance to the public that amidst the difficult decisions which need to be made, that robust challenge as to the outcomes and assumptions has been provided.

7. The Committee notes that this is a particularly challenging environment in which to set a balanced budget. A number of Councils have already issued section 114 notices and more have admitted the high probability of doing so within the next year. The Committee recognises the significant corporate effort required to deliver this set of balanced budget proposals and recognises the particular efforts of Cllr Dan Levy, Cabinet Member for Finance, Lorna Baxter, Executive Director of Resources, and Kathy Wilcox, Head of Corporate Finance. The Committee also extends its thanks to the other Cabinet and Senior Leadership Team members for their contributions, including presenting to the Committee and for answering its questions.

SUMMARY

8. As set out above, the Committee's deliberations were undertaken across three meetings and with developing proposals. It would be of questionable value to describe discussions at each of those meetings in full but, for those wanting more comprehensive detail, the minutes of the meetings of 10 November and 08 December 2023 are available online, as will be the minutes of the 19 January 2024 meeting prior to the Council's budget meeting.

9. The Committee is not submitting any formal recommendations. However, detailed below are the observations made during the Committee's scrutiny. It is hoped that they will be useful to both Cabinet members and all members prior to Budget Council in recognising the primary issues as identified by Scrutiny.

OBSERVATIONS

General Observations

i) Assumptions

10. To make a budget it is necessary to rely on reasonable assumptions over future levels of income and expenditure. Part of the Committee's job is to test

the reasonableness of those assumptions and to determine the level of risk involved if outturn figures are at variance with budgeted sums. However, whilst the Committee has the benefit of being able to ask for explanations of budget assumptions, members of the public reading the budget papers do not. It is important, therefore, to be clear and transparent over how figures are arrived at. For instance, the Council's recent expectations over how many children in a given cohort will require Education and Health Care Plans (EHCPs) have been underestimates: 4% of children requiring EHCPs vs an expectation of 2.1%. For many parents, the assumptions being used are very important, and the rationale for adopting them. Similarly, income expectations over the Workplace Parking Levy will vary depending on the cost of parking spaces, the level of spaces at which the levy is applied, and the area included. Again, this is of great interest for many residents and the Committee encourages the Council to draw out as transparently as it can the underpinning assumptions so that members of the public can understand more fully the implications of the budget being set.

Observation 1: That the assumptions which lie behind the budget assumptions are very illustrative of the Council's working assumptions around major policy areas such as the Workplace Parking Levy and portion of children expected to require an EHCP. The inclusion of these in the final budget proposals to Council would improve transparency.

ii) Delayering

11. One of the Council's principal responses to the lower-than-expected income from Central Government's finance settlement is the proposal to remove £2.5m spend over two years by 'delayering,' making the Council more efficient by removing management posts and moving to a flatter structure. The Committee's first response to this is simply to note that the removal of management capacity within the organisation could have significant operational impacts in the absence of sufficient planning and mitigation. The Council is investing significant time, effort and resources into ensuring that it reduces its agency spend on staffing and improves rates of recruitment and retention. These objectives are particularly at risk if delayering is undertaken without sufficient care and preparatory work.

Observation 2: That delayering involves removing management capacity from the organisation, a process which, if not planned sufficiently, could have operational impacts and impinge on the Council's workforce ambitions.

12. Unsurprisingly within a budget document, delayering is approached in terms of the size of the savings and where those savings will come from. This leaves the question of *how* the reduction to headcount will be determined, what the Council's approach and criteria will be to ensure this is done both efficiently and fairly, unaddressed. At the time of the Committee's January meeting, the Leader had not met with representatives of the trade unions unions specifically to discuss the delayering proposals but was scheduled to do so before the

budget item's consideration at Cabinet on 30 January.[1] The Committee encourages the Council to pay careful attention to their responses.

Observation 3: It is important that the Council decides not just the scale of delayering it needs to undertake, but the approach it will take to ensure its targets are met efficiently and fairly. Listening to the response of the trade unions to these proposals will be particularly important.

13. The Committee has, in the current civic year, been presented with an update report on the activity of Delivering the Future Together (DTFT), finding nothing to criticise and much to praise. It is the Committee's view that DTFT is one of the most positive aspects of the Council's activity. The effects, for example, of the DTFT-delivered 12:3:2 model of one to ones are to be seen in the high rates of satisfaction by staff in the recent employee engagement survey with their managers. It is regrettable to the Committee, therefore, that such a positive force within the Council is to be used as the vehicle through which the Council's delayering will be undertaken, a process which has the potential to be extremely negative.

Observation 4: It is a regret that DTFT, a highly positive force within the Council, is to be used as the vehicle to manage and deliver a programme with high potential for negativity.

14. The Committee accepts that delayering need not necessarily always involve redundancies. Staff turnover provides one way in which posts can be deleted without redundancy. More positively, so, too, does internal promotion. However, the Council's proposals are front-loaded into the first two years of the MTFS. This condenses the window of opportunity for deleting posts in this way. At the same time, it also raises the likelihood of needing to make redundancies. If the Council intends to make £2.5m of staff savings, it should keep in mind the potential need to make redundancy payments. Whilst such payments are not recurring, as staff salaries are, they are not free.

Observation 5: The relatively short period in which the Council seeks to delayer raises the likelihood that redundancies – and, therefore, redundancy payments – will be necessary.

Adult Social Care

15. Following previous budget-setting decisions, there is within the current budget proposals a sum of £13.2m which is designed to support an uplift in the cost of care placements by an average of 6%. When raised in discussion, it was noted that the Council has historically invested in its social care market and that the Council benchmarks at the top end amongst benchmark authorities in terms of care package costs.

[1] To avoid any sense of misrepresentation, there has been significant open discussion about the Council's direction of travel with regard to headcount with the unions at different levels.

16. The Committee recognises that the Council's work around the Fair Cost of Care does mean it has a strong understanding of the cost of providing care, but it also notes that one of the rationales provided for maintaining the levels of uplift was the vibrancy of the local market. Care provision in the county has strong diversity of quality, good availability, and a range of costs. Reductions in funding would reduce that vibrancy.

17. The Committee takes this point on board but also notes that, with a finite sum of money, there is an opportunity cost to investing in maintaining a vibrant social care market locally – some of that same money could be spent elsewhere. This significant investment alongside the Council's status as one of the highest payers amongst benchmark authorities is a notable statement of priority for the Council.

Observation 6: That the Council's investment of significant sums to safeguard the vibrancy and diversity of its adult social care is a notable statement of its priorities.

18. In December 2023, Central Government announced a plan to reduce levels of immigration. The principal lever for doing so was an increase in the earning threshold for overseas workers by nearly 50%, from £26,200 to £38,700. This could potentially have two types of impact for the Council. Firstly, a direct impact on the basis that the Council does employ international social workers. The increase in income thresholds could mean the supply of available social workers would reduce, likely creating an upward pressure on costs – either through salary levels or relying on agency staff to fill posts to which there has not been a successful recruitment. This impact, however, would be far smaller than the second type, which is the indirect impact. Many more social care providers in the county rely on an international workforce and, typically, those staff will earn less than a social worker would. As a consequence, these providers may also face a recruitment squeeze, in a sector which already struggles to fill vacancies. Ultimately, the challenges in recruitment would be expected to filter through into the cost of providing care packages and placements, raising the cost to the Council accordingly.

19. These impacts are phrased in the conditional purposefully. Government guidance states that 'those coming on the Health and Social Care Visa route will be exempt from the £38,700 salary threshold applied to skilled workers'. It is necessary for the Council to understand how far this exemption extends to the social care workforce in order to understand the consequences.

20. Work is already being undertaken to determine the Council's level of exposure to these risks. The Committee seeks simply to raise general awareness that they exist and could, if realised, be expected to have a potentially significant impact on the Council's costs during the period of the MTFS.

Observation 7: That the Council may potentially be impacted by recent changes to immigration rules within the period of the MTFS, both directly and indirectly, and that the consequences would not merely be operational but financial.

Children, Education, and Families

i) SEND

21. The Committee devoted a significant amount of time to the exploration of Special Educational Needs and Disability (SEND) funding, the most notable point of which was in discussion over the anticipated number of EHCPs and the cost of servicing those EHCPs. In response, it was explained to the Committee that the Council had not quantified the full cost over the life of the MTFS of servicing its EHCPs. In follow-up, the Committee also asked on what grounds, therefore, the Council might have confidence that the overspends experienced in the last two years would not be replicated or even increase. The response provided was that the Council had an increasingly stable and able workforce, including senior staff, who were working with key stakeholders to develop support for children with SEND which would sometimes be without the need for an EHCP. Where an EHCP was in place, the Committee was told that the Council would ensure the support provided was cost effective (e.g., by increasing provision in Oxfordshire to replace more expensive provision outside the county.)

22. Whilst the comments made about the workforce may well be true, the Committee does not necessarily share the same optimism that EHCP numbers will reduce meaningfully over the life of the MTFS. Elsewhere in discussion, it was reported that, although it was Central Government's wish for support for children with SEND to occur without an EHCP, the reality was that EHCPs have become the currency or access point for SEND support. Locally, the commitment by parents to securing EHCPs for their children has been even stronger than elsewhere in the country as they did not have sufficient confidence in the system to provide support for their children without one. If this is true, trust is not swiftly regained, and there is a risk of a long delay between improvements made to SEND support without EHCPs and parental perception. As such, the Committee does not share the same degree of optimism that the recent high levels of EHCPs will reverse swiftly.

    Observation 8: The loss of trust in the Council and its partners' ability to provide support for children with SEND needs without an EHCP may hinder the Council's ambitions to provide earlier intervention and greater levels of suitable support for SEND children without an EHCP for a longer period than it expects.

23. Central Government has given local authorities the ability to hold costs relating to the High Needs Block in a negative reserve which is off the balance sheet. This has two important consequences – firstly, that, in this particular instance, the spending incurred does not need to be considered as part of the Council's duty to form a balanced budget. Secondly, this means that the Council is incurring significant expenditure (over £21m forecast in 2023/24 and a total of £62.3m overall) which does not appear in the budget proposals.

24. A corollary of the latter is that the Performance and Corporate Services Overview and Scrutiny Committee, the body tasked with providing budget scrutiny, is completely unsighted on this expenditure. This is in no way a criticism of Cabinet members or officers but it is regrettable that the funding structure obstructs the ability of the Committee to interrogate a significant chunk of Council spend.

Observation 9: The statutory override by Central Government which allows the Council to hold a negative reserve relating to the High Needs Block off-balance has the effect of obstructing Scrutiny of this large and important area of expenditure.

ii) 'Grow your own' opportunities

25. Amidst a national shortage of social workers and the particular challenges of recruitment associated with Oxfordshire's high cost of living, the Committee welcomes the Council's ongoing investment in 'growing our own' social workers.

26. The Committee is, however, particularly keen that its social workers are representative of the communities they work with given the importance of understanding and empathising with the situations of those with whom they are working. As such, the Committee would like to see particular marketing of the Council's 'grow your own' opportunities to under-represented communities. One particular group it identifies as being particularly valuable to target is that of children formerly looked after by the authority, whose personal experience would be invaluable when working with others in the same situation, and for whom the offer of a stable and rewarding career path is extremely valuable.

Observation 10: That there is particular value in promoting the Council's 'grow your own' opportunities to under-represented communities, and especially to formerly looked after children.

27. A further opportunity the Committee sees around the Council's 'grow your own' offer relates to para-professionals. In a time, for example, when speech and language therapists are in short supply and waiting times for a child to see one are therefore lengthy, positive interventions can be made by para-professionals trained in children's language development, particularly in the early years. Extending the development offer one step down, the professional pyramid would be expected to broaden the options available which would make the Council's grow your own opportunities more accessible and desirable to more people whilst also significantly bolstering capacity.

Observation 11: There is significant value in broadening the Council's 'grow your own' approach.

iii) Children's Social Care

28. An area of concern for the Committee is the sheer scale of savings to be found within the children's social care budget by 2026/27: £6.8m through

demand management and £7.5m by ensuring exits from care are delivered in a timely way, for example. It is fair to note that (a) that there is a net increase of £5.2m in 2024-5 for children's social care; and (b) a 40% risk adjustment is applied to savings of £10.3m which indicates a degree of caution over the deliverability of these savings. The Committee agrees that it is right to show such caution, and that it has strong reservations over the operational impacts for vulnerable children if the savings are delivered absolutely in full.

Observation 12: That the level of savings required within children's social care, if delivered in full, have a high risk of operational impact.

iv) Children's Centres

29. One of the messages running through the budget scrutiny process has been that of the success of the Oxfordshire Way in reducing demand for social care through investment in early intervention and support. At the Council, this work is now fairly well advanced in Adult Social Care whilst it is less developed in Children's. However, it is the intention of the Council to mirror the success of the approach in Adults within Children's Services.

30. A key asset in providing early intervention and support are the children and family centres around the county. At present, these are funded on a year-to-year basis and supplemented by significant fundraising efforts. The Committee appreciates the financial strains the Council faces, but it is equally aware that a short-term funding which must also be supplemented through additional fundraising is not robust and neither does it encourage thinking about potential future development.

31. As such a core asset in enabling the Council's demand-reducing approach, the Committee would encourage the Council to consider undertaking an options appraisal. Specifically, it considers that it would be beneficial to determine whether there are ways the Council's support to children's centres can make them more robust and leverage their position to contribute to the application of the Oxfordshire Way more fully within Children's Services.

Observation 13: Children's Centres occupy a crucial position in the Council's strategic approach to managing demand for Children's Services. The Committee sees value in reviewing how the support it provides can make them more robust and able to contribute to delivering the Oxfordshire Way within Children's Services.

Environment and Place

i) Issues relating the Shepherd Project

32. One of the new pressures on the budget this year relates to 2025EP583, the Shepherd Project. There is a recognition that, over the MTFS, £800k of previously-budgeted savings relating to this home to school transport digital contract management system were no longer achievable.

33. The Committee discussed this on more than one occasion and a briefing note was included as part of the Committee's papers for its final meeting. In exploring the reasons for such a large budget pressure arising it was put forward to members that an error had been made in the degree of governance oversight of the project. Governance levels had been set according to the low cost of the project, £75k, not recognising its far greater budgetary implications.

34. The Committee agrees that this was a weakness, and notes that it is vital that the Council implement this lesson learnt with other similar small-cost, big-savings projects to avoid similar issues with planned savings arising in the future.

Observation 14: The Council misjudged the level of governance required for the Shepherd Project and it is important that it implement the learning from this mistake to prevent similar savings shortfalls from arising in the future.

ii) Flood Authority Resourcing

35. Budget proposal 2025EP638 seeks that £40k of savings are to be made in 2024/25 through a 'reduction in bespoke Lead Local Flood Authority planning consultations.' The Committee explored what was meant by this and it was explained that part of the saving would be around consolidating the team and not responding to all applications but instead focusing on higher-risk applications, providing more guidance and standing advice for lower-risk ones. Members of the Committee passed on frustration from residents at the current level of service at the time, and query, for a £40k saving, the value of reducing capacity within a service already attracting negative comment from residents.

Observation 15: The Committee queries the value of making a £40k saving by reducing the capacity of a service which has already, in the Committee's experience, attracted negative comment from residents.

iii) Park and Ride Patronage

36. Though a relatively small sum in terms of the overall budget, saving 2025EP655 - £25k through increased patronage at the Park and Rides by improving the user offer – did attract comment from the Committee. In discussion, the Committee considered that it was not provided with sufficient evidence to justify the belief that park and ride patronage would increase in the next year by the level indicated.

Observation 16: The Committee is not convinced that there is sufficient evidence to justify the belief that Park and Ride patronage will increase.

Public Health and Community Safety

i) Pension Liabilities

37. The Committee noted that the source of funding for firefighter pension costs has been changed from a specific grant to general funding from 2024/25 onwards.

38. In discussion, the Committee raised questions over whether any special provision had been included to cover any costs associated with the McCloud judgement. It was confirmed that there had not.

39. Whilst the McCloud judgement is actually a case relating to judges, a similar case was brought on behalf of firefighters around the same time. The findings of the McCloud judgement are of consequence to the Council not only in relation to the Council's responsibility for firefighter pensions, but also more broadly.

40. When public sector final salary pensions were replaced with career average pensions in 2015, those near retirement were protected from being negatively impacted by the changes through an underpin, which would ensure that qualifying members would be as well off under the new arrangements. This was not extended to younger members and, in court, was deemed to be discriminatory on the grounds of age. The remedy is to extend the underpin protections to all members, regardless of age, for the same duration as the original underpin. These findings are the same for all public sector pensions which moved over from final salary to career average arrangements, including the local authority pensions.

41. It is unclear how many people this will impact and what the quantum will be; differing salary levels throughout the underpin period as well as the different accrual rates under the different schemes mean that results will be highly individual, with some members not being impacted at all. The underpin protection period has only recently closed and pension funds are identifying the numbers impacted. What is clear is that a known cost of undetermined size is coming down the road at some point and that the Council should be cognisant of this risk.

Observation 17: The Council will need to incorporate the impacts of the McCloud judgement on future pension costs into its budgeting but only when further information is available.

Resources and Law & Governance

42. The observations made in relation to this directorate were primarily in relation to the Council's delayering.

Capital Programme

43. The following observation has already been taken up in greater detail by the Place Overview and Scrutiny Committee and a paper is expected to update on progress made. However, the observation is worth including as part of the

budget scrutiny also. When it comes to infrastructure funding, the Council is not short of money. The volume of development, the size of the county and the cost of land mean that the Council is towards the very top of all councils nationwide for developer contributions to infrastructure funding. In 2022/23 alone, the Council received £62.3m and was holding a total of £276m, not including obligations secured for which money had not been received. This is one instance where the Council does not lack for income.

44. The Committee recognises that there are genuine challenges around infrastructure spending. For instance, needs are identified often far in advance of when they are to be delivered, sometimes many years, and can involve multiple independent parties each delivering part of a whole. These needs and the relevant sums or infrastructure delivery are usually tightly defined by developers, providing little flexibility to adjust provision as needs alter over time. However, it is also recognised that the Council is not as efficient as it could be in delivering this infrastructure to residents and there are further amounts which could potentially be allocated to projects in the capital programme or which have business cases.

45. Members of the Place and Performance and Overview and Scrutiny Committees, the Cabinet member, and officers are in agreement that the Council's coordination between different elements of the s. 106 infrastructure delivery process are not fully coordinated and aligned. The negotiation of s.106 agreements is handled discretely from those who will deliver the infrastructure, for instance. This is an area which has been identified by senior officers and is already being addressed as a priority measure.

46. In a period of overall financial constraint, it is the Council's duty to residents not to allow sub-optimal coordination to delay or prevent the delivery of infrastructure when there is money available to deliver it. More than that, however, in a period where super-low inflation rates have come to an end, delays also have a financial cost on the Council via increased project costs. Given the sums involved in infrastructure delivery, inefficiencies in process are therefore expensive. Following through on delivering process improvements is therefore vital.

Observation 18: The scale of infrastructure funding in Oxfordshire is very significant making the sums forfeited through inefficiency commensurately significant. The successful delivery of improvements to the process of infrastructure provision is therefore similarly important.

Fees and Charges

47. The Committee did consider the Council's proposed amendments to fees and charges but had no comments to make.

FURTHER CONSIDERATION

48. The Committee is expected to return to its formal budget scrutiny towards the end of 2024, once there are proposals to scrutinise. However, the Committee has also expressed a wish to engage on a more ongoing basis with progress against budgeted savings and the delivery of capital projects throughout the year.

LEGAL IMPLICATIONS

49. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.

50. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

Anita Bradley
Director of Law and Governance

Annex:	None
Background papers:	None
Other Documents:	None
Contact Officer:	Tom Hudson Scrutiny Manager tom.hudson@oxfordshire.gov.uk Tel: 07519 667976

January 2024

Section 5.0
Capital & Treasury Management Strategy

1. Section 5 of the report sets out the capital plans, strategies and policies that the Council is required to approve as part of the budget setting process. The content of this section is as follows:

Section		Title
5.1		Capital and Investment Strategy - 2024/25 to 2033/34
5.2		Treasury Management Strategy for 2024/25
5.3		Proposed changes to the Capital Programme
5.4		Capital Programme 2023/24 to 2033/34

This page is intentionally left blank

Capital and Investment Strategy 2024/25 to 2033/34

Executive Summary

The Capital and Investment Strategy outlines the council's approach to capital investment over the next ten years and incorporates the requirements of the CIPFA Prudential Code for Local Authorities.

The Prudential Code for Capital Finance in Local Authorities 2021 requires that for each financial year, a local authority should prepare at least one Investment Strategy containing the disclosures and reporting requirements specified in the guidance. The Strategy must be approved by full Council.

The definition of an investment covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.

The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

The Prudential Code requires authorities to look at capital plans, investments, and debt in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long-term financing implications and potential risks to the authority.

The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure, investment and borrowing 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 outcome. In line with the Code's requirements the following annexes are also included in this strategy:

- Minimum Revenue Provision Policy Statement for 2024/25 (Annex 1)
- Prudential Indicators for Capital Finance (Annex 2)

The Capital and Investment Strategy supports the Council's Financial Strategy, which sets out the approach the Council will take to ensure it is financially sustainable over the medium and long term. It also supports the Council's more detailed objectives of service strategies and plans. Integrated and aligned strategies and plans are imperative to financial resilience and stability as the impact of actions or decisions on one or more of these strategies will have an impact on the others.

Long term context

The Council's Strategic Plan has set out a clear vision for the county, centred around strong local communities, healthy places to live, and a zero-carbon economy that benefits everyone. The strategic plan has nine priorities with a set of objectives for each. This capital and investment strategy articulates how the Council's capital investment will help achieve this vision and the nine priorities.

The Council's capital investment will support the following Strategic Plan objectives:

'Greener' objectives

- Implement together with partners the county's 'pathways to zero carbon' route map, a comprehensive plan for **decarbonising** Oxfordshire.
- **Bring our own buildings, operations** and supply chains to **net zero by 2030**, and support the retrofit of residential homes to improve energy efficiency.
- Support and promote a shift towards **active travel** (walking, cycling and use of public transport), reducing the need for private cars and accelerate the transition to electric vehicles by **expanding charging capacity** across the county.
- Work with partners to continue to **build a** greener, more resilient and fairer **renewable energy network**.
- Deliver our **LED street lighting replacement programme** to further reduce the energy, visual and environmental impacts of street lighting.
- Deliver the countywide **20mph programme** in line with our agreed policy.
- **Prioritise active travel** and public transport **on the existing and planned highway network** to support healthy lifestyles and address inequalities in transport.
- Develop a countywide nature recovery strategy, including a tree and woodland plan that involves taking part in the Queen's Green Canopy programme, and support the development of a new local nature partnership for Oxfordshire.
- Ensure our **public rights of way network** is safe and effectively maintained.

'Fairer' objectives:

- Implement the delivery plan for Oxfordshire's **digital inclusion** strategy together with partners, including how assistive technology can support vulnerable groups to access services and lead a better quality of life
- **Provide technology to improve processes** around signposting, self-assessment and information about sources of help for local residents

‘Healthier’ objectives:

- Maximise access to the opportunities provided by **libraries, museums, nature and green spaces** and other services to support the health and wellbeing of residents.
- Help people to **live independently** and support themselves through personal and **local facilities,** using the Oxfordshire Way approach
- Deliver our **children’s home programme** to provide more places in Oxfordshire
- Increase activity that supports pupils with special educational needs and disabilities to have their needs met in mainstream school settings and **deliver our special school capacity expansion programme**

The Capital programme also supports statutory functions such as school placements and urgent health and safety capital maintenance works.

A ten-year Capital Programme sets out how the Council will use capital expenditure to deliver these council priorities. The Capital Programme is updated quarterly and fully refreshed annually as part of the Budget and Business Planning Process to ensure that it remains aligned to the latest priorities, reflects the latest cost projections and profile for delivery, and incorporates the current funding position.
Current schemes within the capital programme are challenged at project gateways to ensure the project’s objectives and benefits align with the Council’s current strategic plan.

Capital prioritisation framework

There are a number of external factors increasing the risk to the future deliverability and cost of capital schemes in the council’s capital programme. There are also challenges arising from the availability of workforce – both skilled and unskilled and construction materials. Inflation is impacting on contract values and the ability to maintain an agreed price. These pressures place further demands on council resources and the ability to meet the Council’s ambitions, expected outcomes and benefits.

In response to these pressures, a prioritisation framework has been developed to ensure future capital expenditure and investment decisions not only align to the strategic plan objectives but that they continue to be affordable.
Capital Programme Principles:

a. For **all** projects, the funding cannot exceed the budget allocation. Where cost increases occur, value engineering and/or de-scoping will be required (or additional external funding secured)
b. any new inclusion of projects and/or approval of exceptions/change requests will require an equivalent reduction in schemes or funding (one in, one out principle)
c. all projects demonstrate benefits realisation, clearly setting out direct and indirect benefits linked to the nine corporate priorities.

d. where schemes fall outside these categories but are well progressed (ie have approved full business case) and have RAG status of green for deliverability* can be considered for inclusion, where funding is available
e. schemes with major proportion (80% or more) of the capital from external sources which will be lost if the project fails to go ahead but subject to consideration of future revenue requirements can be considered.
f. Major Infrastructure schemes align to OXIS prioritisation and the Local Transport and Connectivity plan.
g. All projects undertake equality and climate impact assessments (and carbon accounting when methodology is available), considering impact on deprivation, health and wellbeing in any given area.
h. Projects that do not demonstrate alignment to these priorities will be stopped/paused.
i. All mainstream school expansions/new schools be managed within basic need grant and available S106 contributions supported by the basic need programme and growth contingency provision.

Capital Programme Prioritisation Categories

Category 1 Projects:

That enable compliance with our minimum statutory duties relating to health and safety and schools. For projects in this category, there is still a need to justify the cost level.

Category 2 Projects:

That generate revenue savings (and/or cost avoidance) through the delivery of the new business strategy or service transformation proposals (inc children's homes and supported living). For projects in this category, there is still a need to explore whether or not they could be self-financing, for example through prudential borrowing.

Category 3 Projects:

That facilitate ***(ie majority of the scheme)*** the climate action or active travel commitments of the Council, as articulated in the strategic plan

As well as supporting the delivery of the Council's strategic plan, the capital programme is also informed by service strategies and plans (a list of the key strategies are included in Annex 4). These strategies are informed by the latest population forecasts, changes in demography, and changes in service demands.

Infrastructure and Assets

The council owns and manages a range of infrastructure and property assets including maintained schools, offices, roads, bridges, park and ride sites and waste recycling centres.

Effective asset management is one of the key contributing factors to attaining the county's vison to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.

Approach to Capital Investment

Capital expenditure is defined as spending that creates an asset for the Council (e.g., buildings, vehicles and equipment), and spending which meets the definition in regulations specified under the Local Government Act 2003. This includes spend on non-current assets that are not owned by the Council such as academies and the award of capital grants and funding agreements.

The approach aims to ensure that:

- Capital expenditure contributes to the achievement of the council's priorities set out in the Strategic Plan including commitment to put action to address the climate emergency at the heart of the council's work and to explore opportunities for social value;
- An affordable and sustainable capital programme is agreed;
- Use of resources and value for money is maximised;
- A clear framework for making capital investment decisions is provided;
- A corporate approach to the use of capital resources is maintained;
- Sufficient assets to provide services (as set out in service specific strategies, see annex 4) are acquired, or built, and maintained;
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged;
- Investment in existing assets to enhance their value, including acquisition of land, is supported;
- An appraisal and prioritisation process for new schemes is robust

Capital Financing Principles

The Council's capital programme financing principles are:

- Non ringfenced capital grants are treated as a corporate resource and used flexibly.
- Capital receipts are treated as a corporate resource and used across the capital programme flexibly.
- The Council will continue to be proactive in ensuring, as far as possible, that all additional capital investment needs arising from new developments are funded from developer contributions.
- Ringfenced resources are used for the purposes for which they are issued.
- Prudential borrowing will only be considered where:
    i. there is a robust invest to save model; or
    ii. the council has a significant unmet capital need.
- Community Infrastructure Levy (CIL) funds be secured and directed to the most appropriate capital schemes to help deliver infrastructure to support the development of their area.
- The Council will hold 3% capital contingency in reserves. This contingency is for unforeseen emergency works. Project and

programme level contingency is determined and agreed for each project (by gateway) and is agreed within its budget provision.

The Capital Programme

The council plans for a ten-year capital programme to ensure that schemes and programmes can be developed, delivered and funded over the medium term in line with the supporting strategies.

The **capital programme (the firm programme)** is made up of schemes that have been agreed to address identified need. These schemes have an approved initial business case, articulating a clear case for change, a defined scope, an indicative budget/investment and an agreed indicative timeline including a ‘go live’ date. The Capital Programme is a ten-year rolling programme.

Pipeline capital schemes support our priorities, have an agreed need, a confirmed alignment with the prioritisation framework and a basic mandate. These are our priority schemes but are subject to further development and an approved initial business case. Schemes in the Pipeline are subject to optioneering and feasibility assessment and have only estimated costs. These schemes may change in both scope and value before being agreed through the capital governance process and brought forward into the firm programme reflecting changes in the underlying need and value for money assessment. Once approved, these schemes will be included within the firm capital programme.

Pre-pipeline schemes have also been identified. These schemes are at a very the early stage and in some cases, it is not yet clear if they meet a predicted need and/or align to the prioritisation framework. Others have identified a need and align to the prioritisation framework, but due to budget constraints, are currently unfunded and remain in the pre-pipeline.

Proposed Programme for 2024/25 – 2033/34

The proposed programme is based on the latest capital programme 2024/25 to 2033/34 as reported to Cabinet in the Capital Programme Monitoring Report in December 2023, including recommendations set out in the budget report. Proposed changes to the programme are set out in Section 5.3. Section 5.4 sets out the detailed draft Capital Programme for 2024/25 to 2033/34 by year and programme area. Some of the changes set out below reflect the addition of 2033/34 to the programme and extend the existing programme into that year.

The table below sets out the proposed programme by strategy and the split between the Firm Programme (£631.2m) and Pipeline Programme (£623.7m).

Strategy / Programme	Current Year 2023/24 £m	Proposed Firm Programme (2 years) £m	Proposed Pipeline* Programme £m	Total Programme £m
Pupil Places Plan	39.1	88.8	118.8	246.7
Major Infrastructure	80.0	347.4	273.9	701.3
Highways Asset Management Plan	56.0	88.4	119.2	263.6
Property Strategy	17.9	43.8	8.0	69.7
IT, Digital & Innovation Strategy	5.8	9.0	1.9	16.7
Passported Funding	8.4	9.0	4.4	21.8
Vehicles and Equipment	2.2	9.3	16.1	27.6
Total Estimated Capital Programme Expenditure	**209.4**	**595.7**	**542.3**	**1,347.4**
Earmarked Reserves	**0.0**	**35.5**	**81.4**	**116.9**
Total Estimated Capital Programme	**209.4**	**631.2**	**623.7**	**1,464.3**

The proposed ‘firm programme’ for 2024/25 has been established using the agreed prioritisation framework. A full list of schemes proposed to be added to the firm programme can be found in Section 5.3.

Category 1 schemes that enable compliance with our minimum statutory duties relating to health and safety, include an investment of £0.7m (in addition to the £0.7m previously agreed in February 2023) to carry out essential repairs at Redbridge Household Waste and Recycling Centre. Condition surveys carried out across our corporate estate have identified some remedial works that must be carried out over the next few years at an estimated cost of £2m. Investing in our Fire Stations to ensure that we are complying with current health and safety legislation, will commence with a proposed investment of £1.3m, which is in addition to the £6.3m to deliver essential works resulting from the development of Rewley Road Fire Station. A further £0.5m is proposed to enable fire fighters to safely decontaminate breathing apparatus.

In line with the Council’s ambition to reach Net Zero by 2030, an investment of £2.6m has been proposed to begin a programme of works to decarbonise our corporate estate. The investment is to match a grant funding bid submitted in late 2023, with a decision due early 2024. Rationalising our buildings and reducing our corporate estate remains a key priority for the Council, including Oxford City Centre Accommodation; a paper is due at January Cabinet to progress this work. Additional funding of £2.3m is proposed to be included within the existing Office Rationalisation & Co-location Programme, to address accessibility and energy management issues in the buildings identified as our future workplaces.

£10.2m has been allocated to continue the rolling programme of works to invest in highways and structures.

Pending approval by Cabinet in January 2024, the inclusion of a new 120-place Special Educational Needs and Disabilities (SEND) School will be entered into the Capital Programme.

The Capital Programme is fully funded over the ten - year period. The table below sets out the resources expected to be used to deliver the capital programme.

Financing	Total Programme £m
Section 106 and Community Infrastructure Levy	206.2
Grants and contributions	814.2
Prudential Borrowing	248.8
Capital receipts	119.3
Revenue Contribution	36.7
Subtotal	**1,425.2**
Capital Reserves	39.1
Total Financing	**1,464.3**

When necessary and where funding is available, the Capital Programme can fund schemes in advance of receiving specific funding by utilising other resources within the wider programme on an interim basis. Any advancements would need to be considered and agreed by the s151 officer.

Property Investment Strategy

The Council's property investment objective is to support growth, regeneration and help deliver the Council's strategic priorities.

The council uses the following two broad investment categories:

a) Maximise use of and value (both financial and social) of Council owned assets (land and buildings) linked to the council's Property Strategy, and
b) Investments for service delivery are taken or held primarily and directly for the delivery of public services (including regeneration and local infrastructure.
    i. Service investments may or may not involve financial returns; however, obtaining those returns will not be the primary purpose of the investment.

In addition, property investments are made in accordance with Treasury Management Strategy, including cash, money market funds, property funds, bond funds and equities.

In accordance with the prudential code, the Council does not make investments for commercial purposes.

Capital Governance Arrangements

The Prudential Code sets out that the responsibility for decision making and on-going monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, sits with full council. However, detailed implementation and monitoring may be delegated to a committee.

Council and the Cabinet are the key democratic decision-making bodies as per the Council's constitution. The Council approves the key policy documents and the capital programme as part of the Council's Policy and Budgetary Framework. The Cabinet recommends priorities, policy direction and the capital programme to the Council for approval. The Cabinet also approves new inclusions to the capital programme in line with the scheme of delegation and the financial procedure rules.

Delegations to officers are set out in full in Section 5 of the Council's Financial Regulations and all officers are bound by the scheme of delegation.

The capital programme is supported by robust governance arrangements that are in place to effectively manage and monitor the Council's expenditure, review and manage any operational risks across the programme and to enable a strong decision-making framework and structure. Processes to support the management of the Capital Programme are under continuous review to identify areas for improvement.

There are five capital programme boards: Environment & Climate, Major Infrastructure, Innovation, Digital & Customer, Property and Highways which report into the Strategic Capital Board (SCB). SCB meets monthly and is chaired by the Chief Executive, supported by the Executive Director of Resources and Section 151 Officer, the Executive Director of People and the Corporate Director for Environment & Place. Issues and pressures escalated from the capital programme boards and wider strategic risks are managed through this board, escalating to Cabinet if necessary.

A comprehensive capital investment handbook has been published for staff guidance and support. This handbook sets out the governance, roles and responsibilities including an overview of the governance structure, terms of reference for each governance level, and a description of key roles and responsibilities. It also includes a reporting framework, set of KPIs, and aggregation method for how reporting will be established by exception. The handbook includes a high-level and detailed approval process and description of each stage of capital project delivery, from Stage 0 to Stage 4. It sets out key meetings and documentation required for each step, including specific guidance around capital expenditure, and how key aspects, such as Council strategic outcomes, and the capital and investment strategy, can inform the prioritisation process.

Measuring the delivery of this Strategy

The overall performance of the Council-wide Capital Programme will be reported to the Cabinet on a quarterly basis.

This will include an overview of the performance across each of the capital programmes with a specific focus on:

- The most significant variances (in terms of timeline, scope, and budget);
- The most significant risks and issues (e.g. those with the largest potential impact etc.);
- The most significant successes; and,
- Overall benefit realisation and strategic alignment to Council outcomes

In line with the Council's financial regulation, the Cabinet will also take decisions on any changes to the existing programme on any proposed variation that meets the following thresholds:

- *Any new scheme not already in the firm programme, including grant funded schemes*
- *Any cost variation over £1m*
- *Any material scope variation that impacts the projects ability to achieve its overall objective/benefits/savings*
- *Any time variation that impacts the 'go live' date*

Minimum Revenue Provision Policy Statement for 2024/25

1. The Council is required by statute to charge a Minimum Revenue Provision (MRP) to the General Fund Revenue account each year for the repayment of debt. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council taxpayers.

2. Legislation[1] requires local authorities to draw up a statement of their policy on the annual MRP, for full approval by Council before the start of the financial year to which the provision will relate.

3. The implementation of the International Financial Reporting Standards (IFRS) requirements brought some service concession arrangements on balance sheet and resulted in some leases being reclassified as finance leases instead of operating leases. Part of the service charge or rent payable is taken to reduce the balance sheet liability rather than being charged to revenue accounts. To ensure that this does not result in a one-off increase in the capital financing requirement and in revenue account balances, an amount equal to the amount that has been taken to the balance sheet is included in the annual MRP charge.

4. The Council is recommended therefore to approve the following statement:

   For capital expenditure incurred before 1 April 2008, the MRP policy for 2017/18 onwards will be a straight-line charge of the outstanding pre-2008 expenditure as at 1 April 2017 calculated over a 50-year period.

   For all unsupported (prudential) borrowing, the MRP policy will be based on the estimated life of the assets for which the borrowing is undertaken (Option 3 – Asset Life Method or Annuity Method).

   In the case of finance leases and on-balance sheet Private Finance Initiative (PFI) type contracts, the MRP requirement will be regarded as being met by a charge equal to the element of the rent/charge that goes to write-down the balance sheet liability, including the retrospective element in the first year (Option 3 in modified form).

[1] Statutory Instrument 2008 no. 414 s4

Prudential Indicators for Capital Finance

1. The Prudential Code for Capital Finance in Local Authorities 2021 requires the Council to set and monitor against Prudential Indicators in the following categories:

   - Prudence – Capital Expenditure and External Debt
   - Affordability
   - Treasury Management

2. The indicators have been based on the February 2024 capital programme which will be approved by Council on 20 February 2024 as part of the Business and Budget Planning Report.

3. The capital expenditure figures for beyond 2024/25 will be able to be revised in twelve months' time.

Prudence

Estimates of Capital Expenditure

4. The Council is required to make reasonable estimates of the total of capital expenditure (including earmarked reserves) that it plans to incur during 2024/25 and the following two financial years. The Council must also approve the actual expenditure for 2022/23 and revised forecast expenditure for 2023/24. The table shows the actual capital expenditure for 2022/23 and how that was financed. It also shows the estimated capital expenditure and financing from 2023/24 to 2027/28.

Capital Programme Estimates	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Capital Expenditure	**172.2**	**209.5**	**314.6**	**316.7**	**247.0**	**149.1**
Financed by:						
Prudential Borrowing	**41.7**	72.4	75.3	43.4	40.8	16.3
Grants and Contributions	**127.9**	123.6	233.8	233.1	160.0	97.4
Capital Receipts	**0**	0	0	35.1	22.5	31.0
Revenue	**2.6**	13.5	5.5	5.1	3.5	4.4
Reserves	**0**	0	0	0	20.2	0.0
Total Capital Investment	**172.2**	**209.5**	**314.6**	**316.7**	**247.0**	**149.1**

The Capital Financing Requirement

5. Estimates of the end of year Capital Financing Requirement (CFR) for the Authority for the current and future years and the actual Capital Financing Requirement at 31 March 2023 that are recommended for approval are set out in the table below. The actual CFR for 2022/23 was £402.727m. The estimate for 2023/24 is £463.256m and 2024/25 for £523.837m.

Year	Actual/Estimate	£m
2022/23	Actual	402.727
2023/24	Estimate	463.256
2024/25	Estimate	523.837
2025/26	Estimate	549.488
2026/27	Estimate	570.852
2027/28	Estimate	566.048

6. The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice the County Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated Treasury Management Strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

Authorised Limit and Operational Boundary for External Debt

7. The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.

8. The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short-term borrowing, overdrawn bank balances and long-term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

9. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

10. The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst-case scenario with sufficient headroom over and above this to allow for unusual cash movements. The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. The table shows the operational boundary for external debt remains within the authorised limit for external debt throughout the period 2024/25 to 2027/28.

	2023/24 Probable outturn £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Operational Boundary for External Debt					
Borrowing	440.000	530.000	560.000	580.000	590.000
Other long-term liabilities	25.000	25.000	25.000	25.000	25.000
TOTAL	**465.000**	**555.000**	**585.000**	**605.000**	**615.000**
Authorised Limit for External Debt					
Borrowing	450.000	540.000	570.000	590.000	600.000
Other long-term liabilities	30.000	30.000	30.000	30.000	30.000
TOTAL	**480.000**	**570.000**	**600.000**	**620.000**	**630.000**

Actual External Debt

11. This indicator enables the comparison of Actual External Debt at year end to the Operational Boundary and Authorised Limit. Total external debt as at 31 March 2023 was £321.380m.

Total External Debt as at 31.03.23	£m
External Borrowing	306.383
Other Long-term Liabilities	14.997
Total	**321.380**

Gross Debt and the Capital Financing Requirement

12. This is a key indicator of prudence. In order the ensure that the medium-term debt will only be for a capital purpose, the local authority should ensure that the gross debt does not, except in the short term, exceed the total of the capital financing requirement (CFR) in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

13. From 2021/22 onwards the CFR has been higher than the level of external borrowing, the balance of which has been funded through internal borrowing. This is forecasted to continue over the medium term, consistent with the approach set out in the Treasury Management Strategy, taking into account current commitments, existing plans and the proposals in the approved budget.

Debt	31.03.23 Actual £m	31.03.24 Revised £m	31.03.25 Estimate £m	31.03.26 Estimate £m	31.03.27 Estimate £m	31.03.28 Estimate £m
External Borrowing	306.383	284.383	281.383	329.383	363.383	360.383
Long Term Liabilities	14.997	14.161	13.217	12.153	10.955	9.607
Total Debt	**321.380**	**298.544**	**294.600**	**341.536**	**374.338**	**369.990**

Affordability

The Ratio of Financing Costs to the Net Revenue Stream

14. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code. The ratio of financing costs to the net revenue stream is estimated to remain within 4-6% in each year going forward and was 2.6% in 2022/23.

Year	Actual/ Estimate	Financing Cost £m	Net Revenue Stream £m	Ratio %
2022/23	Actual	15.2	576.4	2.6
2023/24	Estimate	24.7	613.7	4.0
2024/25	Estimate	27.1	656.7	4.1
2025/26	Estimate	30.8	671.4	4.6

15. Financing costs include interest payable on borrowing, interest and investment income and the amount required for the minimum revenue provision (MRP).

The Ratio of Net Income from Commercial and Service Investments to the Net Revenue Stream

16. This is an indicator of affordability and is intended to show the financial exposure of the authority to the loss of income from commercial and service investments. The definition of commercial and service income is set out in the Prudential Code. Based on current activity the ratio of service income compared to the net revenue stream remains at a maximum of 0.05% from 2023/24 to 2025/26.

Year	Actual/ Estimate	Commercial & Service Income (*) £m	Net Revenue Stream £m	Ratio %
2023/24	Estimate	0.000	613.7	0.00
2024/25	Estimate	0.109	656.7	0.02
2025/26	Estimate	0.197	671.4	0.03

(*) Estimated annual cash yield from the council's £5m Service Investment in the Resonance Supported Homes Fund.

Governance framework and decision making overview

Capital Programme – approval process

Ten year capital programme (annual budget setting)	Initial Business Case	Outline Business Case	Full Business Case
Strategy & development of Capital Programme	**Stage 0: Establishing the case for change**	**Stage 1: Options appraisal and feasibility**	**Stage 2: Detailed design and procurement**
• On an annual basis, the **ten-year Capital Programme** is amended. It should include: • Firm projects (including those currently being delivered), with agreed budgets • High level proposal of the annual programme of work with indicative budgets for each project. This should include an initial business case for each proposed project, with the exception of Major Infrastructure, Pupil Places, and Highways and Structural Maintenance. • Pipeline of projects for future years	• The strategic case for change and the anticipated outcomes of the investment. This should include a data-driven evidence base that demonstrates the need to invest. • A long list of options and high level options appraisal based on a SWOT and cost benefit analysis. This should include BAU ('Do nothing') as an option. • A short list of options to progress to OBC, identifying the preferred option. • A high level implementation plan and indicative budget for the preferred option.	• A detailed options appraisal based on a detailed cost benefit analysis of each short listed option • An agreed procurement strategy (including procurement route, risk allocation and charging mechanism) • An implementation plan and final budget for the preferred option • This budget is the baseline, according to the financial procedure rules	• A summary of the procurement process and evaluation of each shortlisted service provider, presenting the most economically advantageous tender • Contract management arrangements and terms and conditions, and confirmation of readiness to enter into the contract and begin delivery • Detailed design of the solution, a refined and final project plan and revised budget • No separate change request form is required for variations
Indicative budget	Provisional budget	Final budget	Revised budget (a variation)

For projects / programmes that are part of the ten year Capital Programme, they have already been approved by the Strategic Capital Board and Cabinet.

As they progress across the stages, they are managed by the Capital Programme Board and do need to go back to the Strategic Capital Board or Cabinet, unless there is a variation against the previous approved budget.

For new in year projects / programmes, the IBC needs to be initially approved by the relevant governance board, as per the schemes of delegation. From Stage 1, they are managed by the Capital Programme Board and do need to go back to the Strategic Capital Board or Cabinet, unless there is a variation against the previous approved budget.

Strategies that have informed and help us deliver our Capital Strategy

The Capital Programme is informed by, and supports the achievement of, the following county council strategies and plans:

- Highway Infrastructure Asset Management Strategy 2022
- Property and Assets Strategy 2022
- Local Transport and Connectivity Plan 2022
- Pupil Place Plan 2022/23-2026/27
- Special Educational Needs and Disability (SEND) Sufficiency Plan 2022/23-2026/27
- Household Waste Recycling Strategy (2023-2043)
- Libraries and Heritage Strategy (2022)
- Climate Action Framework (2021)
- IT & Digital Strategy (2019-2024)

It also supports the delivery of the following Oxfordshire wide partnership strategies:

- Infrastructure Strategy (OxIS) | OxLEP (oxfordshirelep.com)
- Local Industrial Strategy | OxLEP (oxfordshirelep.com)

Treasury Management Strategy Statement & Annual Investment Strategy for 2024/25

Executive Summary

1. The Treasury Management Strategy & Annual Investment Strategy for 2024/25 outlines the Council's strategic objectives in terms of its debt and investment management for the financial year 2024/25.

2. The forecast average cash balance for 2024/25 is £463m. The Council will maintain its investment in strategic pooled funds with a purchase value of £101m (22%). The remaining £362m (78%) will be managed internally with a mixture of short, medium and long-term deposits.

3. The Bank of England Base Rate is forecast to remain at 5.25% until autumn 2024 and reduce to 4.00% by March 2025.

4. UK Government Gilt yields are forecast to fall from 4.50% to 3.00% over the medium term.

5. Changes to the Treasury Management Strategy will be recommended to Council to be delegated to the Executive Director of Resources & Section 151 Officer in consultation with the Leader of the Council and Cabinet Member for Finance

Changes from 2023/24 Strategy

6. Reflecting the anticipated level of cash balances over the medium and long term, lending limits are proposed to be updated as follows:

	From	To
2024/25	£145m	£170m
2025/26	£110m	£175m
2026/27	£100m	£150m
2027/28	£100m	£150m
2028/29	n/a	£150m

7. Community municipal investments, which will enable the council to issue green or community bonds, has been added to the approved borrowing instruments.

Background

8. The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

9. The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance

issued subsequent to the Act). The Annual Investment Strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

10. Treasury management is defined as: "The management of the organisation's borrowing, investments and cash flows, including 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."

11. The proposed strategy for 2024/25 is based upon the views of the Council's Treasury Management Strategy Team (TMST)[1], informed by market forecasts provided by the Council's treasury advisor, Link Treasury Services. The forecast and economic background provided by Link Treasury Services can be found in Annex 1.

12. It is proposed that any further changes required to the Annual Treasury Management Strategy & Annual Investment Strategy, continue to be delegated to the Executive Director of Resources & Section 151 Officer in consultation with the Leader of the Council and Cabinet Member for Finance.

Forecast Treasury Portfolio Position

13. The Council's treasury forecast portfolio position for the 2024/25 financial year comprises:

	Principal £m	**Average Rate %**
Opening External Debt Balance		
Public Works Loans Board (PWLB)	244.383	4.523
Lender's Option Borrower's Options (LOBOs)[2]	35.000	3.910
Money Market Loans	5.000	3.950
TOTAL EXTERNAL DEBT	284.383	
2024/25 Average Forecast Cash Balance		
Average In-House Cash	361.622	
Average Externally Managed	101.006	
TOTAL INVESTMENTS	**462.628**	

[1]Comprising the Executive Director of Resources & Section 151 Officer, Service Manager (Pensions), Head of Corporate Finance, and Treasury Manager.
[2] See paragraphs 27 & 28 for detail

2

14. The average forecast cash balance for 2024/25 is comprised of the following:

	Average Balance £m
Earmarked Reserves	183.919
Unusable Dedicated Schools Grant Reserve	-83.500
Capital and Developer Contributions	349.800
General & School Balances	55.717
Cashflow and Working Capital Adjustments	177.649
Internal Borrowing	-232.454
Provisions and Deferred Income	11.497
TOTAL	**462.628**

15. Cash balances for 2024/25 are approximately £50m higher than anticipated when the Treasury Management Strategy for 2023/24 was agreed. This reflects the updated profile of capital expenditure as set out in the Capital Monitoring Reports to Cabinet in 2023/24.

Prospect for Interest Rates

16. The Council's TMST, taking into account the advice from Link Treasury Services, market implications and the current economic outlook, have determined the interest rates to be included in the Strategic Measures budget for 2024/25 and over the medium term. TMST forecast that the bank rate will remain at 5.25% until autumn 2024, then reduce to 4.00% by the end of 2024/25. The bank rate is then forecast to continue to drop to 3.00% over the medium term.

17. The TMST team has agreed that based on the current portfolio of deposits and market rates, the target in-house rate of return should be as set out below. These rates have been incorporated into the strategic measures budget estimates for interest receivable and reflect the mix of rates expected to be achieved on existing and new deposits:

2024/25	4.25%
2025/26	3.00%
2026/27 - 2028/29	2.50%

Borrowing Strategy

18. The Council's Capital Programme Financing Principles require the application of capital grants, developer contributions, capital receipts and revenue contributions to fund capital expenditure. Prudential borrowing will only be considered where:
    i. there is a robust invest to save model; or
    ii. the council has a significant unmet capital need; or
    iii. It contributes towards the overall investment approach

19. The Capital Financing Requirement sets out the council's requirement to prudentially borrow for capital purposes. This borrowing can either be met through external loans or by using existing cash balances held by the council.

20. The Council's chief objective when borrowing money externally is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

21. Borrowing rates are forecast to fall from a high of 5.30% in December 2023 to 3.80% over the medium term.

22. External borrowing taken out by the council is expected to fall well below the Capital Financing Requirement by 2028/29 due to increased capital expenditure and £11m of debt repayments by that point. If no new external borrowing is arranged during this time, the council will be temporarily financing the capital programme via internal borrowing.

23. Given the high level of balances and the forecast for borrowing rates to significantly reduce in the medium term, the Council's TMST have agreed that the council should maintain the option to fund new or replacement borrowing through internal borrowing. The limit of internal borrowing will be combined with the long term lending limit, and will not exceed £400m in 2024/25.

24. The TMST monitor the borrowing rates on a daily basis. If changes in interest rate forecasts mean the policy to borrow internally is no longer in the short term or long-term interests of the council, the TMST may agree to take out new or replacement borrowing to give the council certainty of costs over the long term, and to reduce Interest Rate Risk and Refinancing Risk in the short to medium term. Any increase in borrowing costs as a result of new external borrowing will be offset by an increased return of interest on balances. Any new external borrowing will be reported to Cabinet.

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

- Public Works Loan Board and any successor body
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- special purpose companies created to enable joint local authority bond issues
- community municipal investments[3]

26. The Council has historically set a maximum limit of 20% of the debt portfolio to be borrowed in the form of Lender's Option Borrower's Option (LOBOs). As at

[3] This is a new addition for 2024/25 and will enable the council to issue green or community bonds.

31 December 2023 LOBOs represent 14.1% of the total external debt after taking account of the early repayment of £10m of LOBOs in 2023/24. This compares to 14.5% of the total external debt in 2023/24. The council has no intention of entering into any new LOBO arrangements, however as the level of PWLB debt is due to fall over the medium term, the percentage of LOBOs compared to total external debt will increase. Therefore, it is recommended that the limit for 2024/25 remains at 20%.

27. The Council has three £5m LOBOs with call options in 2024/25, two of which have two call options in year, with the third having a single call option in year. At each call date, the lender may choose to exercise their option to change the interest rate payable on the loan. If the lender chooses to do so, the Council will evaluate alternative financing options before deciding whether or not to exercise the borrower's option to repay the loan or to accept the new rate offered. It is likely that if the rate is changed the debt will be repaid. The TMST will explore early repayment of LOBOs if this were to arise and where there is a financial benefit to do so.

Prudential Indicators

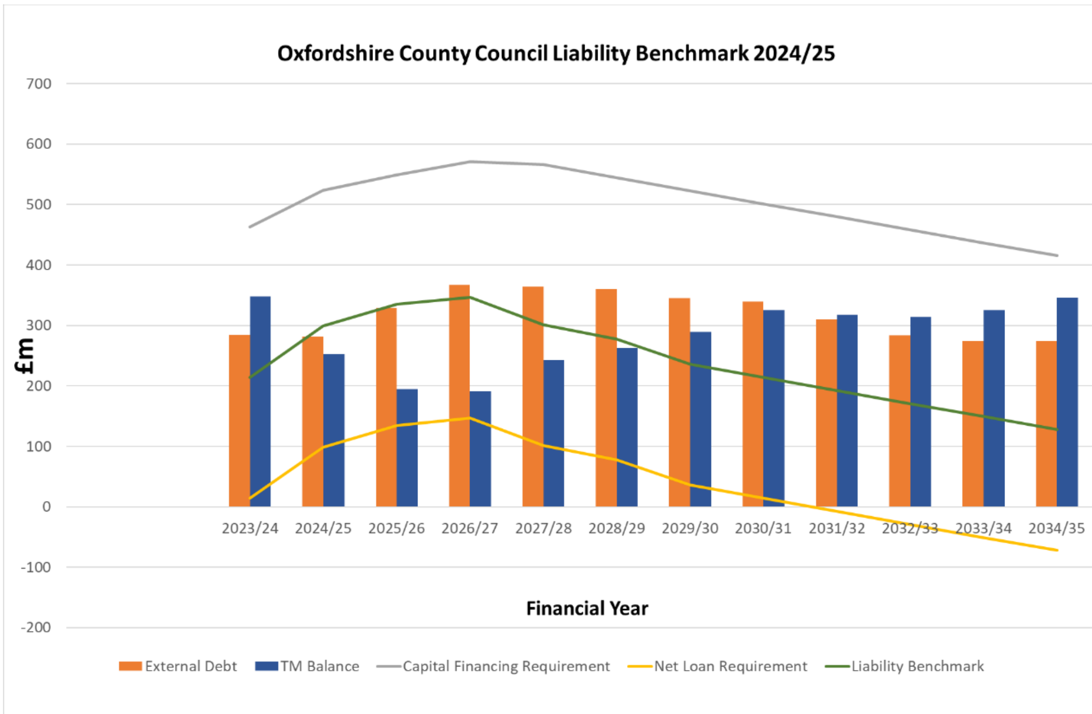
28. The Prudential Code for Capital Finance in Local Authorities 2021 requires the Council to set and monitor against Prudential Indicators. This section of the report includes the indicators for Treasury Management.

Liability Benchmark

29. This indicator identifies the minimum future borrowing needs, compared to the capital financing requirement compared to the actual level of external debt.

30. The gap between the capital financing requirement and the minimum borrowing requirement[4] represents the maximum amount of financing that can be temporarily funded through internal borrowing. Based on the assessment below the council could internally borrow up to £235m in 2024/25. The forecast internal borrowing position for 2024/25 is £232m.

[4] The minimum borrowing requirement is calculated by taking the capital financing requirement, netting off usable reserves and working capital, and adding on a liquidity allowance.



Upper and lower limits to maturity structure of fixed rate borrowing

31. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

32. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

33. LOBOs are classified as maturing on the next call date, this being the earliest date that the lender can require repayment.

Maturity structure of fixed rate borrowing during 2024/25	Lower Limit %	Upper Limit %	2024/25 Forecast %
Under 12 months	0	20	6.33
12 months and within 24 months	0	25	2.46
24 months and within 5 years	0	35	27.78
5 years and within 10 years	5	40	30.38
10 years and above	25	95	33.05

34. Prudential Indicators are reported to and monitored by the TMST on a regular basis and will be reported to the Audit & Governance Committee and Cabinet in the quarterly Treasury Management reports and the Treasury Management Annual Performance Report.

Annual Investment Strategy

35. The council complies with all relevant treasury management regulations, codes of practice and guidance. The council's investment priorities are:

    - The security of capital and
    - The liquidity of its investments

36. The council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to invest or on-lend and make a return is unlawful and the council will not engage in such activity.

37. The Treasury Management Code of Practice requires the Council to approve a Treasury Management Policy Statement. Good practice requires that this statement is regularly reviewed and revised as appropriate. Council approved the statement in February 2019. The statement is reviewed annually and there are no revisions proposed for 2024/25.

Investment Instruments

38. Investment instruments identified for use in the 2024/25 financial year are set out in the Specified and Non-Specified instrument tables below

39. Guidance states that specified investments are those requiring "minimal procedural formalities". The placing of cash on deposit with banks and building societies 'awarded high credit ratings by a credit rating agency', the use of Money Market Funds (MMFs) and investments with the UK Government and local authorities qualify as falling under this phrase as they form a normal part of day to day treasury management.

40. Money market funds (MMFs) will be utilised, but good treasury management practice prevails and whilst MMFs provide good diversification the council will also seek to diversify any exposure by using more than one MMF where practical. It should be noted that while exposure will be limited, the use of MMFs does give the council exposure to institutions that may not be included on the approved lending list for direct deposits. This is deemed to be an acceptable risk due to the benefits of diversification. The Treasury team use an online portal to provide details of underlying holdings in MMFs. This enables more effective and regular monitoring of full counterparty risk.

41. All specified investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the 'high' credit rating criteria where applicable.

Specified Investment Instrument	Minimum Credit Criteria	Use
Term Deposits – UK Government	N/A	In-house
Term Deposits – other Local Authorities	N/A	In-house
Debt Management Agency Deposit Facility	N/A	In-house and Fund Managers
Treasury Bills	N/A	In-house and Fund Managers
UK Government Gilts	N/A	In-house on a buy and hold basis and Fund Managers
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+	In-house and Fund Managers
Certificates of Deposit issued by Banks and Building Societies	A1 or P1	In-house on a buy and hold basis and Fund Managers
Money Market Funds	AAA	In-house and Fund Managers
Other Money Market Funds and Collective Investment Schemes[5]	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.	In-house and Fund Managers
Reverse Repurchase Agreements - maturity under 1 year from arrangement and counterparty is of high credit quality (not collateral)	Long Term Counterparty Rating A-	In-house and Fund Managers
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-	In-house and Fund Managers

42. Non-specified investment products are those which take on greater risk. They are subject to greater scrutiny and should therefore be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy; this applies regardless of whether they are under one-year investments and have high credit ratings.

43. A maximum of 50% of internal investments, and 100% of external investments will be held in non-specified investments.

[5] I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Non-Specified Investment Instrument	**Minimum Credit Criteria**	**Use**	**Max Maturity Period**
Term Deposits – other Local Authorities (maturities in excess of 1 year)	N/A	In-house	5 years
UK Government Gilts with maturities in excess of 1 year	N/A	In-house and Fund Managers	5 years in-house, 10 years fund managers
Collective Investment Schemes[6] but which are not credit rated	N/A	In-house and Fund Managers	Pooled Funds do not have a defined maturity date
Registered Providers	As agreed by TMST in consultation with the Leader and the Cabinet Member for Finance	In-house	5 years
OxLEP Ltd (to be reviewed pending transfer of responsibility to Oxfordshire County Council in 2024/25)	As agreed by TMST in consultation with the Leader and the Cabinet Member for Finance	In-house	5 years
Term Deposits – Banks and Building Societies (maturities in excess of 1 year)	Short-term F1+, Long-term AA-	In-house and Fund Managers	3 years
Structured Products (e.g. Callable deposits, range accruals, snowballs, escalators etc.)	Short-term F1+, Long-term AA-	In-house and Fund Managers	3 years
Bonds issued by Multilateral Development Banks	AAA	In-house and Fund Managers	25 years
Bonds issued by a financial institution which is guaranteed by the UK Government	AA	In-house and Fund Managers	5 years in-house

[6] Pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Non-Specified Investment Instrument	Minimum Credit Criteria	Use	Max Maturity Period
Sovereign Bond Issues	AAA	In-house on a buy and hold basis. Fund Managers	5 year in-house, 30 years fund managers
Reverse Repurchase Agreements - maturity in excess of 1 year, or/and counterparty not of high credit quality.	Minimum long-term rating of A-	In-house and Fund Managers	3 years
Covered Bonds	AAA	In-house and Fund Managers	20 years

Changes to Instruments

44. There are no proposed changes to instruments

Credit Quality

45. The CIPFA Code of Practice on Treasury Management (2021) recommends that Councils have regard to the ratings issued by the three major credit rating agencies (Fitch, Moody's and Standard & Poor's) and to make decisions based on all ratings. Whilst the Council will have regard to the ratings provided by all three ratings agencies, the Council uses Fitch ratings as the basis by which to set its minimum credit criteria for deposits and to derive its maximum counterparty limits. Counterparty limits and maturity limits are derived from the credit rating matrix as set out in the tables at paragraphs 56 and 58 respectively.

46. The TMST may further reduce the derived limits due to the ratings provided by Moody's and Standard & Poor's or as a result of monitoring additional indicators such as Credit Default Swap rates, share prices, Ratings Watch & Outlook notices from credit rating agencies and quality Financial Media sources.

47. Notification of any rating changes (or ratings watch and outlook notifications) by all three ratings agencies are monitored daily by a member of the Treasury Management Team. Updates are also provided by the Council's Treasury Management advisors Link Treasury Services and reported to TMST. Appropriate action will be taken for any change in rating.

48. Where a change in the Fitch credit rating places a counterparty on the approved lending list outside the credit matrix (as set out in tables at paragraphs 56 and 58), that counterparty will be immediately removed from the lending list.

49. The Authority defines "high credit quality" organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher with the Fitch ratings agency.

50. Prior to lending to other local authorities, due diligence is undertaken on their financial resilience. The council will not arrange investments with local authorities that are deemed to have poor financial management and/or standing, or whose operations are deemed to be inconsistent with the council's priorities.

Liquidity Management

51. The council forecasts its cash flow to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the council's medium term financial plan and cash flow forecast. The council uses instant access bank deposit accounts and money market funds for balances forecast to be required at short notice to meet commitments due. The TMST will continue to monitor options available to maintain the required liquidity and will open new accounts with approved counterparties as appropriate.

Lending Limits

52. In addition to the limits determined by the credit quality of institutions, the TMST apply further limits to mitigate risk by diversification. These include:

    - Limiting the amount lent to banks in any one country (excluding the UK) to a maximum of 20% of the investment portfolio.
    - Limiting the amount lent to any bank, or banks within the same group structure to 10% of the investment portfolio.
    - Actively seeking to reduce exposure to banks with bail in risk

53. Where the Council has deposits on instant access, this balance may temporarily exceed the 10% bank or group limit. However, the limits as set out in paragraphs 56 and 58 will still apply.

54. Counterparty limits as set out in paragraphs 56 and 58, may be temporarily exceeded by the accrual and application of interest amounts onto accounts such as call accounts, money market funds or notice accounts. Where the application of interest causes the balance with a counterparty to exceed the agreed limits, the balance will be reduced when appropriate, dependent upon the terms and conditions of the account and cashflow forecast.

55. Any changes to the approved lending list will be reported to Cabinet as part of the Business Management and Monitoring Report.

56. The Council also manages its credit risk by setting counterparty limits. The matrix below sets out the maximum proposed limits for 2024/25. The TMST may further restrict lending limits dependent upon prevailing market conditions. BBB+ to BBB- ratings is included for overnight balances with the Council's bank, currently Lloyds Bank Plc. This is for practical purposes should the bank be downgraded.

LENDING LIMITS - Fitch Rating	Short Term Rating	
Long Term Rating	F1+	F1
AAA	£30m	£20m
AA+	£30m	£20m
AA	£25m	£15m
AA-	£25m	£15m
A+	£20m	£15m
A	£20m	£15m
A-	£15m	£10m
BBB+, BBB, BBB- (bank with which the Council has its bank account)	£20m	£20m

57. The maximum lending limit to other Local Authorities is £30m per Authority. The maximum lending limit for AAAmmf rated Money Market Funds is £25m.

58. The Council also manages its counterparty risk by setting maturity limits on deposits, restricting longer term lending to the very highest rated counterparties. The table below sets out the maximum approved limits. The TMST may further restrict lending criteria in response to changing market conditions.

MATURITY LIMITS – Fitch Rating	Short Term Rating	
Long Term Rating	F1+	F1
AAA	3 years	364 days
AA+	2 years	364 days
AA	2 years	9 months
AA-	2 years	9 months
A+	364 days	9 months
A	9 months	6 months
A-	6 months	3 months
BBB+, BBB, BBB- (bank with which the Council has its bank account)	Overnight	Overnight

External Funds

59. The Council uses external fund managers and pooled funds to diversify the investment portfolio through the use of different investment instruments, investment in different markets, and exposure to a range of counterparties. It is expected that these funds should outperform the Council's in-house investment performance over a rolling three-year period. The Council will have no more than 50% of the total portfolio invested with external fund managers

and pooled funds (excluding MMFs). This allows the Council to achieve diversification while limiting the exposure to funds with a variable net asset value. And, in order to ensure appropriate diversification within externally managed and pooled funds these should be diversified between a minimum of two asset classes.

60. As at 30 November 2023, the Council had £95m (original purchase value of £101m) invested in external funds (excluding MMFs), representing 17% of the Council's total investment portfolio. Whilst market volatility has seen the capital value fluctuate, they are held with a long term view, and there is no intention to divest from any of the funds at present.

61. At present, fluctuations in the value of the external funds do not impact on the council's revenue account, because they are held in an unusable reserve via the statutory override arrangements set out in IFRS9. The override was extended in early 2023 to 31 March 2025. It is unclear if the override will be extended beyond that date. It is proposed that a new reserve is created with an initial balance of £2.2m to manage the estimated risk pending confirmation regarding the statutory override.

62. The external funds have a targeted income return of 3.75% which has been incorporated into the medium term financial strategy. Whilst this rate is below the short term in-house return for 2024/25, it is expected that the in house return will be below this rate from 2025/26 onwards.

63. The performance of the pooled funds is monitored by the TMST throughout the year against the funds' benchmarks and the in-house investment returns. The TMST will keep the external fund investments under review and consider alternative instruments and fund structures, to manage overall portfolio risk. It is recommended that authority to withdraw, or advance additional funds to/from external fund managers, continue to be delegated to the TMST.

Investment Approach

64. The TMST will aim to maintain the balance between medium and long-term deposits with local authorities and short-term secured and unsecured deposits with high credit quality financial institutions. Money Market Funds will continue to be utilised for instant access cash. This approach will maintain a degree of certainty about the investment returns for a proportion of the portfolio, while also enabling the Treasury Management team to respond to any increases or decreases in interest rates in the short-term.

Treasury Management Indicators for Investments

Upper limit to total of principal sums invested longer than 364 days

65. The purpose of this limit is to contain exposure to the risk of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

66. The long term lending limit is based on 50% of the forecast average cash balance. Based on forecast balances reducing to £300m over the medium term, the proposed limits for investments longer than 364 days is set out below:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Upper limit on principal sums invested longer than 364 days	170	175	150	150	150

Policy on Use of Financial Derivatives

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

68. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

69. It is the view of the TMST that the use of standalone financial derivatives will not be required for Treasury Management purposes during 2024/25. The Council will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

Performance Monitoring

70. The Council will monitor its Treasury Management performance against other authorities through its membership of the CIPFA Treasury Management benchmarking club.

71. Link Treasury Services benchmark the performance of their clients against each other on a quarterly basis, looking at a variety of indicators including investment risk and returns.

72. Latest performance figures will be reported to the Audit & Governance Committee and Cabinet in the quarterly Treasury Management reports and the Treasury Management Annual Performance Report.

Investment Training

73. All members of the Treasury Management Strategy Team are members of CIPFA or other professional accounting bodies. In addition, key treasury management officers receive in-house and externally provided training as deemed appropriate and training needs are regularly reviewed, including as part of the staff appraisal process.

74. The Council has opted up to 'professional client' categorisation with under the second Markets in Financial Instruments Directive (MiFID II). In order to achieve this, evidence was required that the person(s) authorised to make investment decisions on behalf of the authority have at least one year's relevant professional experience and the expertise and knowledge to make investment decisions and understand the risks involved. Members of the TMST currently meet these criteria and training needs will be regularly monitored and reviewed to ensure continued compliance.

Financial Implications

75. Interest payable and receivable in relation to Treasury Management activities are included within the overall Strategic Measures budget. In house interest receivable for 2024/25 is budgeted to be £15.43m.

76. Dividends payable from external funds in 2024/25 are budgeted to be £3.81m.

77. Interest payable on external debt in 2024/3 is budgeted to be £12.44m.

78. Comments checked by:

Kathy Wilcox, Head of Corporate Finance, Finance & Procurement,
kathy.wilcox@oxfordshire.gov.uk

Legal Implications

79. There are no direct legal implications arising from this report save for the need for ongoing collaborative working between the S151 Officer and the Monitoring Officer. CIPFA guidance promotes the need for consultative working and collaboration between these respective roles to promote good organisational governance.

80. The duties of a local authority in relation to Treasury Management are set out in Local Government 2003 as set out in paragraph 8 and 9 above. In addition, the responsibilities of a local authority in monitoring its treasury management are set out in The Treasury Management Code of Practice introduced in 2001/02. Local authorities are required to "have regard" to the code in setting up and approving their Treasury Management arrangements. The Treasury Management Code and the Prudential Code, form two parts of what is known as the Prudential Framework. This includes statutory guidance published by the then Ministry of Housing Communities and Local Government (MHCLG)

- Guidance on Local Authority Investments and the Guidance on Minimum Revenue Provision which came into effect from 1 April 2018. The latest versions of the above codes and guidance have been considered in setting the Treasury Management Strategy for 2024/25.

81. The functions of the Audit and Governance Committee include the monitoring of the system for Treasury Management. (Council Constitution Part 5.1A paragraph 1(a) 6)).

82. Comments checked by:

83. Paul Grant, Head of Legal & Deputy Monitoring Officer, Law & Governance, paul.grant@oxfordshire.gov.uk

Sustainability Implications

84. This report is not expected to have any negative impact with regards to the Council's zero carbon emissions commitment by 2030.

85. The Treasury Management Strategy Team will consider investments that may make a positive contribution to the Council's carbon commitment when appropriate opportunities become available. The TMST will continue to explore ethical, sustainable and good governance (ESG) investment practices.

86. Where the Council has investments in externally managed funds, each of the fund managers is a signatory to the United Nations Principal for Responsible Investment.

87. Furthermore, the Council will not knowingly invest directly in organisations whose activities include practices which are inconsistent with the values of the Council or the Council's zero carbon emissions commitment by 2030.

88. The Treasury Management function is now completely paperless and working in line with the council's agile working policy with a mix of office based and remote working.

Annex 1

LINK TREASURY SERVICE INTEREST RATE FORECASTS 2023-2026

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

PWLB forecasts are based on PWLB certainty rates.

ECONOMIC BACKGROUND PROVIDED BY LINK TREASURY SERVICES

- The first half of 2023/24 saw:
  - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
  - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
  - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
  - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
  - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant

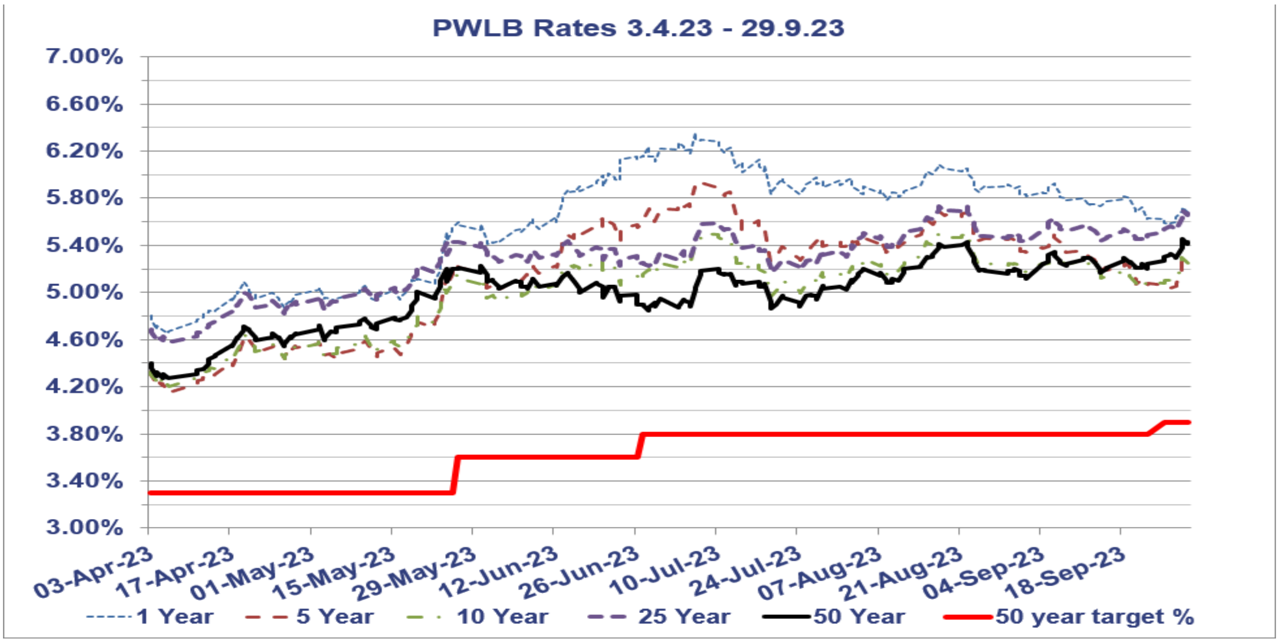
18

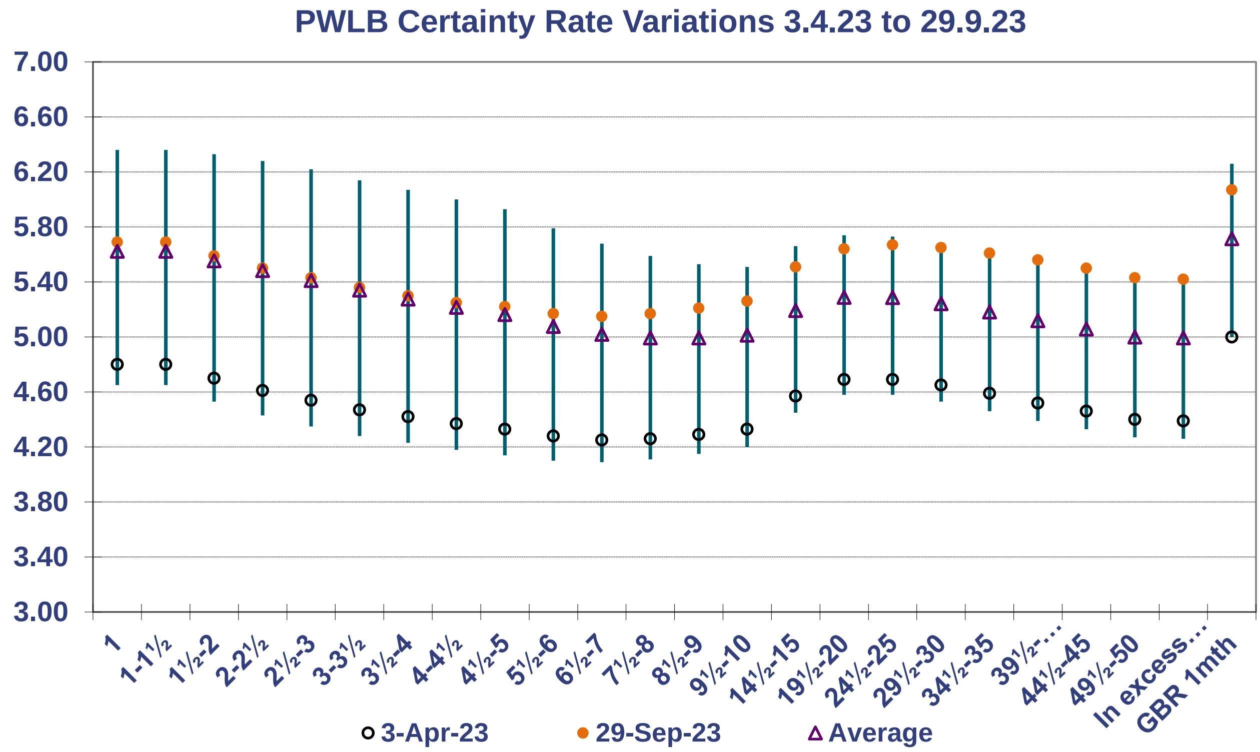
UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.

- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23





HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

20

CAPITAL INVESTMENT PLANNING 2024/25 - 2033/34
BUDGET PRIORITY PROPOSALS - Changes to existing Capital Programme

Strategy - Capital Investment Need	Budget	Prudential Borrowing	Specific Funding	Corporate Need
	£'000	£'000	£'000	£'000
Capital Programme				
Oxfordshire Fire & Rescue Strategy Phase 1	6,300	0	0	6,300
Asset Rationalisation Programme	2,300	0	0	2,300
Capital Programme Inclusions - Sub-total	**8,600**	**0**	**0**	**8,600**
Annual Programmes & Other Funding				
Basic Need & S106 towards School Expansions	6,540	0	6,540	0
School Condition (School Structural Maintenance)	4,500	0	4,500	0
Schools Devolved Formula Capital	700	0	700	0
Highways Maintenance & Structures (2024/25)	5,258	0	5,258	0
Structural Maintenance - Additional Year 2033/34	15,300	0	15,300	0
Disabled Facilities Grant 2024/25	6,658	0	6,658	0
Fire & Rescue Service (Vehicles) - Additional Year 2033/34	800	0	800	0
CIL Funding (October 21 to September 22)	4,615	0	4,615	0
CIL Funding (October 22 to September 23)	4,774	0	4,774	0
Childcare Grant	1,286	0	1,286	0
Annual Programmes & Other Funding - Sub-total	**50,431**	**0**	**50,431**	**0**
Total Inclusions to Capital Programme	**59,031**	**0**	**50,431**	**8,600**
<u>Pipeline Schemes (indicative funding subject to initial business case)</u>				
Prioritisation Category 1 (Statutory, H&S and School Placements)				
Replacement Mortuary	11,900	0	0	11,900
Oxfordshire Fire & Rescue Strategy Phase 2 (yr 1 only)	1,300	0	0	1,300
Decontamination Units & Breathing Apparatus	500	0	0	500
Public Switched Telephone Network	2,000	0	0	2,000
Gypsy & Traveller site improvements	2,000	0	0	2,000
Fire compartmentation & remedial works	2,000	0	0	2,000
Repairs & Maintenance work at Redbridge Household Waste Recycling Centre	700	0	0	700
Investment in future capacity of Household Waste Recycling Centres	1,000	0	0	1,000
Prioritisation Category 1 - Total	**21,400**	**0**	**0**	**21,400**
Prioritisation Category 2 (Generate revenue savings or cost avoidance/reduction)				
CCTV & Automatic Number Plate Recognition for Household Waste Recycling Centres	250	0	0	250
Prioritisation Category 2 - Total	**250**	**0**	**0**	**250**
Prioritisation Category 3 (Climate action or active travel)				
Decarbonisation Programme Phase 1	2,600	0	0	2,600
Electric Vehicles Charges	600	0	0	600
Prioritisation Category 3 - Total	**3,200**	**0**	**0**	**3,200**
Total Prioritisation Category 1 - 3	**24,850**	**0**	**0**	**24,850**
Other Programmes & Schemes to be Funded				
Highways Maintenance & Structures (2024/25)	5,000	0	0	5,000
Other Schemes critical to council operations	2,330	0	0	2,330
Total - Other Programmes & Schemes	**7,330**	**0**	**0**	**7,330**
TOTAL BUDGET PROPOSALS	**91,211**	**0**	**50,431**	**40,780**
General Funding, Accounting, Realignment				
Defect Liability Programme	-1,200			-1,200
Outturn 22/23, final accounts and other funding returned	-1,800			-1,800
New Funding (not specific) e.g. Capital receipts	-24,600			-24,600
Drawdown from earmarked reserves				**13,180**

Capital Financing	£'000
Capital Receipts	24,600
Capital Grants	37,702
Revenue Contributions	800
Revenue (Budget Priority Fund)	0
Prudential Borrowing	0
S106 & CIL	11,929
Total Funding	**75,031**
Budget Realignments	3,000
Drawdown from Reserves	13,180
General Funding & Accounting - Total	**91,211**

Earmarked Reserves	
Budget Proposals February 2022 (Balance)	16,378
Provision towards capital proposals February 2024	-13,180
Revised Provision held in Earmarked Reserves	**3,198**

Pre-pipeline Schemes
Oxford Fire & Rescue Service Phase 2 - programme of works to improve fire stations
EV Charges - additional requirements
IT Strategy - further investment in Medium Term
Highways Maintenance
Decarbonisation of Council Buildings - Phase 2 (decarbonise corporate estate to progress Net Zero 2030)
Expansion of Oxfordshire Special School Capacity (Phase 3)
Additional Children's Homes
Library Asset Development Plan
Registration Ceremony Upgrade
Heritage Storage
Fire Crew Housing
Household Waste Recycling Centres (Replacements / Refurbishments)

Capital Programme 2023/24 to 2033/34

Strategy/Programme		Capital Investment Programme (latest forecast)						CAPITAL INVESTMENT TOTAL
		Current Year	Firm Programme		Provisional Programme			
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Pupil Place Plan		39,128	25,555	63,244	17,778	16,225	84,790	246,720
Major Infrastructure		79,975	176,443	170,992	170,038	93,517	10,336	701,301
Highways Asset Management Plan		55,954	58,967	29,457	18,289	16,058	84,882	263,607
Property Strategy		17,925	27,986	15,824	6,809	500	722	69,766
IT, Digital & Innovation Strategy		5,842	6,600	2,344	850	847	227	16,710
Passport Funding		8,389	8,008	1,000	1,000	950	2,450	21,797
Vehicles & Equipment		2,242	2,500	6,824	5,950	5,300	4,800	27,616
TOTAL ESTIMATED CAPITAL PROGRAMME EXPENDITURE		209,455	306,059	289,685	220,714	133,397	188,207	1,347,517
Pipeline Schemes (Indicative funding subject to initial business case)		0	8,500	27,000	26,500	17,049	3,000	82,049
Earmarked Reserves		0	0	0	500	3,714	30,630	34,844
TOTAL ESTIMATED CAPITAL PROGRAMME		209,455	314,559	316,685	247,714	154,160	221,837	1,464,410
TOTAL ESTIMATED PROGRAMME IN-YEAR RESOURCES		212,705	262,500	222,534	218,612	154,478	203,273	1,274,102
In-Year Shortfall (-) /Surplus (+)		3,250	-52,059	-94,151	-29,102	318	-18,564	-190,308
Cumulative Shortfall (-) / Surplus (+)	190,308	193,558	141,499	47,348	18,246	18,564	0	0

Capital Investment Total: Approved budget, development budget, financial contribution or available funding

SOURCES OF FUNDING		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	CAPITAL RESOURCES TOTAL
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Formulaic Capital Allocations		31,743	120,723	90,478	23,800	23,500	116,800	407,044
Devolved Formula Capital- Grant		1,100	1,000	650	650	650	650	4,700
Prudential Borrowing		72,364	75,311	43,393	40,842	16,308	625	248,843
Grants		49,222	92,827	62,270	121,444	70,388	5,173	401,324
Developer Contributions		41,452	18,851	78,999	14,107	8,058	44,771	206,238
Other External Funding Contributions		48	350	720	0	0	0	1,118
Revenue Contributions		13,526	5,497	5,062	3,449	4,372	4,800	36,706
Use of Capital Receipts		0	0	35,113	22,471	30,884	30,772	119,240
Use of Capital Reserves		0	0	0	20,951	0	18,246	39,197
TOTAL ESTIMATED PROGRAMME RESOURCES UTILISED		209,455	314,559	316,685	247,714	154,160	221,837	1,464,410
TOTAL ESTIMATED IN YEAR RESOURCES AVAILABLE		212,705	262,500	222,534	218,612	154,478	203,273	1,274,102
Capital Grants Reserve C/Fwd	115,169	119,809	60,478	0	0	0	0	0
Usable Capital Receipts C/Fwd	31,672	34,552	41,824	8,151	0	318	0	0
Capital Reserve C/Fwd	43,467	39,197	39,197	39,197	18,246	18,246	0	0

PUPIL PLACES CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Provision of School Places (Basic Need)								
Existing Demographic Pupil Provision (Basic Needs Programme)	1,326	813	3,873	13,960	13,228	12,189	75,301	120,690
Basic Need Programme Completions	12,682	1,012	126	0	0	0	431	14,251
BGN - 2FE Expansion (ED933)	4,689	3,200	825	540	0	0	0	9,254
Radley - Expansion to 1FE (ED936)	3,837	0	74	0	0	0	0	3,911
Lord Williams, Thame - 1FE (ED954)	3,841	2,200	5	0	0	0	143	6,189
Woodstock - Expansion to 2FE (ED956)	716	2,800	375	0	0	0	15	3,906
Gagle Brook - P2 Internal Alterations (ED989)	0	50	0	0	0	0	0	50
North Leigh Phase 2 (ED967)	20	550	5	0	0	0	31	606
Oxford Hospital School (ED892) - Cuddesdon Corner	135	900	342	0	0	0	0	1,377
Bloxham - Improvements to Hall (ED964)	151	75	2,500	140	0	0	0	2,866
Provision of School Places Total	**27,397**	**11,600**	**8,125**	**14,640**	**13,228**	**12,189**	**75,921**	**163,100**

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Growth Portfolio - New Schools								
Orion (formerly Northfield) Special School - Replacement & Expansion (ED940)	13,451	350	0	0	0	0	296	14,097
Faringdon, Folly View - 2FE Primary School (ED943)	8,921	600	300	303	0	0	0	10,124
Bicester, Graven Hill - 2FE Primary School (ED919)	215	350	40	110	0	0	0	715
NE Didcot, Sires Hill - 2FE Primary Schol (ED929)	5,974	4,200	950	1,528	0	0	0	12,652
Shrivenham - 1.5FE Primary School (ED945)	3,931	5,500	1,275	277	0	0	0	10,983
Grove Airfield, St John's - 2FE Primary School No. 1 (ED963)	1,232	900	40	128	0	0	0	2,300
Wallingford - 2FE Primary School (ED930)	277	500	2,600	10,582	0	0	0	13,959
Wallingford - Fir Tree Works	0	0	0	720	0	0	0	720
St Edburg's Primary School - Expansion to 3FE (ED955)	650	9,250	3,000	356	0	0	0	13,256
Grove Airfield - Secondary School (ED965)	10	25	75	23,013	0	0	0	23,123

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
SEND Free School - Faringdon (ED985)	0	100	950	150	0	0	0	1,200
Bloxham Grove SEND Free School (ED986)	0	553	0	0	0	0	0	553
Heyford New Primary School (ED988)	16	50	250	3,687	0	0	0	4,003
New School Programme Completions	0	0	0	0	0	0	91	91
Growth Portfolio Total	34,677	22,378	9,480	40,854	0	0	387	107,776
Annual Programmes								
Schools Access Initiative	0	200	200	200	200	200	232	1,232
Temporary Classrooms - Replacement & Removal	0	200	0	0	0	0	0	200
School Structural Maintenance (inc Health & Safety)	0	4,700	7,500	6,800	3,600	3,300	6,969	32,869
Annual Programme Total	0	5,100	7,700	7,000	3,800	3,500	7,201	34,301
Early Years Programmes								
Capacity Building - Early Yrs Entitlement	0	50	250	750	750	536	764	3,100
Early Years Programme Total	0	50	250	750	750	536	764	3,100

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast: Firm Programme 2023 / 24 £'000s	Latest Forecast: Firm Programme 2024 / 25 £'000s	Latest Forecast: Provisional Programme 2025 / 26 £'000s	Latest Forecast: Provisional Programme 2026 / 27 £'000s	Latest Forecast: Provisional Programme 2027 / 28 £'000s	Latest Forecast: Provisional Programme up to 2033 / 34 £'000s	Latest Forecast: Total Budget £'000s
Retentions Total	**1,408**	**0**	**0**	**0**	**0**	**0**	**517**	**1,925**
PUPIL PLACES CAPITAL PROGRAMME EXPENDITURE TOTAL	**63,482**	**39,128**	**25,555**	**63,244**	**17,778**	**16,225**	**84,790**	**310,202**

MAJOR INFRASTRUCTURE CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
HIF1								
HIF1 A4130 Dualing	3,984	0	0	0	0	0	0	3,984
HIF1 Didcot Science Bridge	3,919	1,400	6,900	17,000	37,750	17,250	1,381	85,600
HIF1 Culham river crossing	7,434	3,000	5,500	20,700	84,000	37,750	2,116	160,500
HIF1 Clifton Hampden bypass	3,874	1,300	6,200	8,000	10,000	15,000	492	44,866
HIF1 DGT OBC development	1,196	0	0	0	0	0	9	1,205
HIF1 PROGRAMME TOTAL	20,407	5,700	18,600	45,700	131,750	70,000	3,998	296,155
A40 CORRIDOR (Incl HIF2)								
HIF2 West Oxon A40 Smart Corridor	24,985	2,875	33,800	63,500	1,032	0	0	126,192
A40 Science Transit Phase 2 - Eynsham Park & Ride	17,100	13,160	1,600	85	0	0	0	31,945
A40 Access to Witney - Shores Green	3,046	2,000	12,000	7,500	304	0	0	24,850

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
B4044 Strategic Cycle Improvement (Development Budget)	88	0	0	282	0	0	0	370
A40 Salt Cross to Eynhsam Underpass (Development Budget)	78	0	0	172	0	0	0	250
A40 Oxford North (N G'way)	10,170	490	0	0	0	0	2	10,662
A40 CORRIDOR (incl HIF2) PROGRAMME TOTAL	**55,467**	**18,525**	**47,400**	**71,539**	**1,336**	**0**	**2**	**194,269**
A423 IMPROVEMENT PROGRAMME								
A423 Improvements Programme (including Kennington Bridge)	5,905	3,000	7,000	23,000	28,500	22,780	0	90,185
A423 IMPROVEMENT PROGRAMME TOTAL	**5,905**	**3,000**	**7,000**	**23,000**	**28,500**	**22,780**	**0**	**90,185**
ACTIVE TRAVEL P3 PROGRAMME								
Active Travel Phase 3 Programme	166	1,350	4,750	5,280	0	0	0	11,546
ACTIVE TRAVEL P3 PROGRAMME TOTAL	**166**	**1,350**	**4,750**	**5,280**	**0**	**0**	**0**	**11,546**
HOUSING & GROWTH DEAL (Incl Other Schemes) BANBURY & BICESTER								
NW Bicester A4095 Road Roundabout Improvements	1,627	1,000	8,500	273	0	0	0	11,400
M40 J10 Improvements	981	570	7,000	149	0	0	0	8,700

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Ploughley Rd / A41 Junction Improvements, Bicester	4,855	539	20	0	0	0	0	5,414
Tramway Rd, Accessibility Improvements	1,240	750	8,400	107	0	0	0	10,497
(BSIP) Cherwell Street Corridor, Banbury	0	100	1,900	300	0	0	0	2,300
Other Completed / Development schemes	12,956	36	0	0	0	0	495	13,487
BANBURY & BICESTER PROGRAMME TOTAL	**21,659**	**2,995**	**25,820**	**829**	**0**	**0**	**495**	**51,798**
OXFORD								
Oxpens to Osney Mead Cycle	5,935	0	2,865	0	0	0	0	8,800
Oxford Citywide Cycle & Pedestrian Routes	1,471	0	795	0	0	0	0	2,266
Central Oxfordshire Movement & Place Framework (COMPF)	0	340	635	0	0	0	0	975
Woodstock Rd Improvements (Woodstock Rd Corridor)	778	230	2,992	0	0	0	0	4,000
Oxford - Traffic Filters	885	1,400	2,800	1,300	182	0	0	6,567
A44 Corridor Improvements (Peartree & Cassington Roundabouts)	13,492	9,500	528	0	0	0	0	23,520

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
North Oxford Corridors - Kidlington	**1,271**	**1,800**	**1,429**	**0**	**0**	**0**	**0**	**4,500**
Active Travel Phase 2	**4,932**	**593**	**600**	**0**	**0**	**0**	**0**	**6,125**
Walton Street	**0**	**100**	**50**	**0**	**0**	**0**	**0**	**150**
Oxford Zero Emission Zone	**630**	**861**	**800**	**1,800**	**1,721**	**0**	**0**	**5,812**
Broad Street	**427**	**100**	**58**	**0**	**0**	**0**	**0**	**585**
Westbury Cresent	**0**	**30**	**195**	**0**	**0**	**0**	**0**	**225**
School Street P2	**0**	**24**	**400**	**0**	**0**	**0**	**0**	**424**
Safer Road Schemes	**0**	**100**	**1,400**	**175**	**0**	**0**	**0**	**1,675**
Other Completed / Development schemes	**32,276**	**978**	**12**	**0**	**0**	**0**	**159**	**33,425**
OXFORD PROGRAMME TOTAL	**62,097**	**16,056**	**15,559**	**3,275**	**1,903**	**0**	**159**	**99,049**
SOUTH, VALE & OTHER								
Watlington Relief Rd	**1,306**	**1,600**	**4,500**	**2,578**	**0**	**0**	**0**	**9,984**
Benson Relief Rd	**1,228**	**900**	**4,500**	**362**	**0**	**0**	**0**	**6,990**

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Wantage Eastern Link Rd (Phase 1-2 Contribution, P3)	2,861	4,000	4,200	114	0	0	0	11,175
Frilford Junction & Relief to Marcham (Development Budget)	444	150	156	0	0	0	0	750
A4130 Steventon Lights	672	950	9,000	278	0	0	0	10,900
Didcot Northern Perimeter Road 3 (Development Budget)	808	221	0	0	0	0	0	1,029
A34 Lodge Hill Slips	2,648	650	10,500	16,000	4,862	0	0	34,660
Golden Balls Roundabout A4074/B4015 (Development Budget)	119	50	431	0	0	0	0	600
Didcot Garden Town: Corridor & Jubillee Way (Development Budget)	614	251	20	0	0	0	0	885
A420 Coxwell Road Junction	0	0	0	800	950	0	0	1,750
Growth Deal Programme (Overprogramme)	0	0	0	0	0	0	-1,594	-1,594
Other Completed / Development schemes	295	23	0	0	0	0	48	366
SOUTH, VALE & OTHER PROGRAMME TOTAL	10,995	8,795	33,307	20,132	5,812	0	-1,546	77,495
HOUSING & GROWTH DEAL (Incl Other Schemes) PROGRAMME TOTAL	94,751	27,846	74,686	24,236	7,715	0	-892	228,342

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast: Firm Programme 2023 / 24 £'000s	2024 / 25 £'000s	Provisional Programme 2025 / 26 £'000s	2026 / 27 £'000s	2027 / 28 £'000s	up to 2033 / 34 £'000s	Total Budget £'000s
MAJOR INFRASTRUCTURE TOTAL	176,696	56,421	152,436	169,755	169,301	92,780	3,108	820,497
COUNTYWIDE AND OTHER TRANSPORT								
East-West Rail (contribution)	1,430	737	737	737	737	737	5,940	11,055
Zero Emission Bus Regional Areas (ZEBRA)	2,445	21,600	14,770	0	0	0	0	38,815
Oxford Station (Contribution)	0	1,000	8,500	500	0	0	0	10,000
City Deal, Pinch Point, Local Growth Programmes - Completed Schemes	813	170	0	0	0	0	1,253	2,236
Other Completed schemes	0	47	0	0	0	0	35	82
COUNTYWIDE AND OTHER TRANSPORT TOTAL	4,688	23,554	24,007	1,237	737	737	7,228	62,188
MAJOR INFRASTRUCTURE CAPITAL PROGRAMME EXPENDITURE TOTAL	181,834	79,975	176,443	170,992	170,038	93,517	10,336	883,135

HIGHWAYS ASSET MANAGEMNT PLAN CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
STRUCTURAL MAINTENANCE PROGRAMME								
Carriageways	0	11,100	5,150	4,129	4,225	4,258	20,670	49,532
Surface Treatments	0	7,100	10,800	3,000	3,024	3,000	16,227	43,151
Structural Highway Improvements	0	5,950	6,850	3,500	3,836	4,000	12,659	36,795
Footways & Cycleways	0	2,450	4,310	2,490	449	450	2,614	12,763
Drainage	0	2,250	2,390	1,010	1,091	1,075	3,592	11,408
Bridges	0	4,700	5,000	4,000	1,500	1,500	6,705	23,405
Public Rights of Way	0	450	525	125	125	125	636	1,986
Electrical	0	1,220	1,030	1,050	650	650	3,086	7,686
Safety Fences	0	650	100	100	100	100	665	1,715
Minor Works: Traffic Schemes	0	430	400	306	200	200	963	2,499
Operations: Scheduled Maintenance	0	0	1,500	600	0	0	0	2,100
Highways & Associated Infrastructure	0	0	0	0	0	0	15,300	15,300
STRUCTURAL MAINTENANCE ANNUAL PROGRAMMES TOTAL	**0**	**36,300**	**38,055**	**20,310**	**15,200**	**15,358**	**83,117**	**208,340**

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast: Firm Programme 2023 / 24 £'000s	Firm Programme 2024 / 25 £'000s	Provisional Programme 2025 / 26 £'000s	Provisional Programme 2026 / 27 £'000s	Provisional Programme 2027 / 28 £'000s	Provisional Programme up to 2033 / 34 £'000s	Total Budget £'000s
IMPROVEMENT PROGRAMMES								
Accessibility & Road Safety Schemes	0	1,300	2,000	292	0	0	0	3,592
Bus Journey Time Reliability	0	1,000	1,000	77	0	0	0	2,077
BSIP (Countywide Traffic Signals)	0	150	1,093	0	0	0	0	1,243
BSIP (Real Time Passenger Information)	0	900	900	0	0	0	0	1,800
IMPROVEMENT PROGRAMMES TOTAL	0	3,350	4,993	369	0	0	0	8,712
Major schemes and other programme								
Street Lighting LED replacement	19,180	12,000	7,700	1,933	0	0	0	40,813
Drayton Depot	580	50	120	0	0	0	0	750
Part 6 Moving Vehicles Violations Cameras	150	480	800	200	1,070	0	0	2,700
Highways Bridges Recovery Programme	74	200	500	1,976	0	0	0	2,750
20mph Speed Limit	701	2,000	1,499	0	0	0	0	4,200
Vision Zero (Road Safety)	0	200	2,000	1,800	0	0	0	4,000
Controlled Parking Zones	0	250	350	785	1,000	0	0	2,385
Upgrade of CCTV camera's	0	0	200	200	200	0	0	600
USVF Road Safety: RAF Barford St John	0	0	1,750	984	0	0	0	2,734

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
A423 Kennington Bridge (Maintenance)	4,817	114	0	0	0	0	0	4,931
STRUCTURAL MAINTENANCE MAJOR SCHEMES TOTAL	25,502	15,294	14,919	7,878	2,270	0	0	65,863
OTHER MAINTENANCE PROGRAMMES/PROJECTS								
Public Rights of Way (developer and Other funded)	71	210	200	200	119	0	0	800
Small schemes (developer and other funded)	772	800	800	700	700	700	1,765	6,237
OTHER MAINTENANCE PROGRAMMES/PROJECTS TOTAL	843	1,010	1,000	900	819	700	1,765	7,037
HIGHWAYS ASSET MANAGEMENT PLAN CAPITAL PROGRAMME EXPENDITURE TOTAL	26,345	55,954	58,967	29,457	18,289	16,058	84,882	289,952

PROPERTY & ESTATES, AND INVESTMENT STRATEGY CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast: Firm Programme 2023 / 24 £'000s	Firm Programme 2024 / 25 £'000s	Provisional Programme 2025 / 26 £'000s	Provisional Programme 2026 / 27 £'000s	Provisional Programme 2027 / 28 £'000s	Provisional Programme up to 2033 / 34 £'000s	Total Budget £'000s
CORPORATE ESTATE DEVELOPMENT PROGRAMME								
Carterton Community Safety Centre (Development Budget Only)	287	300	3,500	3,213	0	0	0	7,300
Oxfordshire Fire & Rescue Service Phase 1 Programme	0	200	850	1,700	350	0	0	3,100
Aston Children's Home (ED932)	986	1,750	194	0	0	0	0	2,930
Children's Homes	0	4,000	5,250	1,200	0	0	0	10,450
Re-provision of Banbury Library (PE39)	162	0	0	1,000	2,038	0	0	3,200
Faringdon Library Improvements	187	18	0	0	0	0	0	205
Chinnor Library Refurbishment	0	200	26	0	0	0	0	226
New Salt Store & Accommodation (R20)	47	390	2,000	330	0	0	0	2,767
Collaborative Asset Management Programme	0	0	0	2,000	2,500	0	0	4,500

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget £'000s
		2023 / 24 £'000s	2024 / 25 £'000s	2025 / 26 £'000s	2026 / 27 £'000s	2027 / 28 £'000s	up to 2033 / 34 £'000s	
Speedwell - Development Budget Only	0	200	86	0	0	0	0	286
CORPORATE ESTATE DEVELOPMENT PROGRAMME TOTAL	1,669	7,058	11,906	9,443	4,888	0	0	34,964
CORPORATE ESTATE CONDITION (Non-School) PROGRAMMES								
Health & Safety (Non-Schools)	0	400	800	700	200	200	450	2,750
Minor Works Programme	0	200	270	0	0	0	0	470
Defect Liability Programme	9,085	1,000	500	1,515	0	0	0	12,100
Public Sector De-Carbonisation Grant Programme	2,418	232	0	0	0	0	0	2,650
Estate Decarbonisation / Condition Programme	66	1,500	2,235	0	0	0	0	3,801
SALIX Energy Programme	0	200	500	30	0	0	0	730
Gypsy & Travellers Sites	0	0	1,000	0	0	0	0	1,000
CORPORATE ESTATE CONDITION PROGRAMMES TOTAL	11,569	3,532	5,305	2,245	200	200	450	23,501

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget £'000s
		2023 / 24 £'000s	2024 / 25 £'000s	2025 / 26 £'000s	2026 / 27 £'000s	2027 / 28 £'000s	up to 2033 / 34 £'000s	
INVESTMENT STRATEGY								
Office Rationalisation & Co-location Programme	487	1,000	3,000	2,513	0	0	0	7,000
Planning Consents Programme	0	400	750	400	308	0	0	1,858
Resonance Fund	3,006	1,000	994	0	0	0	0	5,000
INVESTMENT STRATEGY PROGRAMME TOTAL	3,493	2,400	4,744	2,913	308	0	0	13,858
ENVIRONMENT & CLIMATE CHANGE PROGRAMME								
Green Homes Grant / Sustainable Warmth Fund	2,295	4,532	3,200	0	0	0	0	10,027
Schools Energy Efficiency Recycling Fund	0	300	500	0	0	0	0	800
LEVI (Local Electric Vehicle Infrastructure)	0	0	250	448	0	0	0	698
Car Parks - Electrical Vehicle Charging Points	1,094	0	0	0	0	0	105	1,199
Tree Policy	87	0	450	475	1,013	0	0	2,025

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24 £'000s	2024 / 25 £'000s	2025 / 26 £'000s	2026 / 27 £'000s	2027 / 28 £'000s	up to 2033 / 34 £'000s	£'000s
Thames Path Bank Repairs	0	0	500	300	400	300	0	1,500
Waste Recycling Centre Infrastructure Programme	0	103	1,131	0	0	0	10	1,244
ENIVRONMENT & CLIMATE CHANGE PROGRAMME TOTAL	3,476	4,935	6,031	1,223	1,413	300	115	17,493
Retentions (completed schemes)	0	0	0	0	0	0	157	157
PROPERTY & ESTATES, AND INVESTMENT STRATEGY CAPITAL PROGRAMME EXPENDITURE TOTAL	20,207	17,925	27,986	15,824	6,809	500	722	89,973

ICT STRATEGY CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast: Firm Programme 2023 / 24 £'000s	Latest Forecast: Firm Programme 2024 / 25 £'000s	Latest Forecast: Provisional Programme 2025 / 26 £'000s	Latest Forecast: Provisional Programme 2026 / 27 £'000s	Latest Forecast: Provisional Programme 2027 / 28 £'000s	Latest Forecast: Provisional Programme up to 2033 / 34 £'000s	Latest Forecast: Total Budget £'000s
ICT STRATEGY PROGRAMME								
Rural Gigabit Hub Site	**3,760**	**2,100**	**1,600**	**540**	**0**	**0**	**0**	**8,000**
5G Innovation Region: Connected Heartland	**0**	**0**	**3,100**	**700**	**0**	**0**	**0**	**3,800**
Digital Infrastructure	**2,373**	**3,392**	**1,777**	**1,104**	**850**	**847**	**227**	**10,570**
Children Services - ICT (Phase 1&2)	**2,927**	**350**	**123**	**0**	**0**	**0**	**0**	**3,400**
ICT STRATEGY PROGRAMME EXPENDITURE TOTAL	**9,060**	**5,842**	**6,600**	**2,344**	**850**	**847**	**227**	**25,770**

PASSPORTED FUNDING CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24	2024 / 25	2025 / 26	2026 / 27	2027 / 28	up to 2033 / 34	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
PASSPORTED FUNDING								
Disabled Facilities Grant	0	7,239	6,658	0	0	0	0	13,897
Devolved Formula Capital	0	1,100	1,000	650	650	650	650	4,700
PASSPORTED FUNDING TOTAL	0	8,339	7,658	650	650	650	650	18,597
SPECIALIST HOUSING & FINANCIAL ASSISTANCE								
ECH - New Schemes & Adaptations to Existing Properties	0	550	250	250	250	250	1,750	3,300
Deferred Interest Loans (CSDP)	0	50	50	50	50	50	50	300
Loans to Foster/Adoptive Parents	0	50	50	50	50	0	0	200
SPECIALIST HOUSING & FINANCIAL ASSISTANCE TOTAL	0	650	350	350	350	300	1,800	3,800
THIRD PARTY GROWTH & HOUSING DEAL								
Local Growth Fund								
LGF - Remaining Projects	0	-600	0	0	0	0	0	-600
THIRD PARTY GROWTH & HOUSING DEAL TOTAL	0	-600	0	0	0	0	0	-600
PASSPORT FUNDING PROGRAMME EXPENDITURE TOTAL	0	8,389	8,008	1,000	1,000	950	2,450	21,797

VEHICLES & EQUIPMENT CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						
		Firm Programme		Provisional Programme				Total Budget
		2023 / 24 £'000s	2024 / 25 £'000s	2025 / 26 £'000s	2026 / 27 £'000s	2027 / 28 £'000s	up to 2033 / 34 £'000s	£'000s
Vehicles & Equipment								
Fleet Replacement Programme	0	850	1,500	6,000	5,150	4,500	0	18,000
One-Fleet EV Charging Point	36	150	200	24	0	0	0	410
F&RS Vehicles replacement	0	800	800	800	800	800	4,800	8,800
Fire Protective Equipment	660	94	0	0	0	0	0	754
RFID Kiosk Replacement (PE43)	367	40	0	0	0	0	0	407
Library Furnishing Enhancement Programme (PE41)	0	308	0	0	0	0	0	308
VEHICLES & EQUIPMENT PROGRAMME TOTAL	1,063	2,242	2,500	6,824	5,950	5,300	4,800	28,679
VEHICLES & EQUIPMENT CAPITAL PROGRAMME EXPENDITURE TOTAL	1,063	2,242	2,500	6,824	5,950	5,300	4,800	28,679

CABINET - 30 JANUARY 2024

Budget and Business Planning 2024/25
Addendum

Report by the Executive Director of Resources and Section 151 Officer

Executive Summary

1. This addendum updates Section 4 and the proposed Review of Charges (Annex A) and provides further information in Section 5.1.

Section 4: Revenue Budget Strategy

Previously Agreed and New Pressures and Savings

2. Table 5 (see paragraph 54) of the report has been updated to include the adjustment for pressures funded from the COVID-19 reserve. Section 4.2 sets out the detailed changes that make up the totals in the table.

Table 5: Type of Change to Directorate Budgets

	2024/25 £m	2025/26 £m	2026/27 £m
Inflation	38.3	15.9	15.5
Demographic (Population) Changes	16.3	15.7	8.9
Demand & Other Pressures	15.5	2.7	-3.0
Investments	1.4	0.8	0.7
Removal of one – off funding for investments in 2023/24	-3.3		
Previously agreed removal of pressures funded from the COVID-19 reserve	-3.6	-1.4	-2.3
Savings	-18.3	-8.9	-3.9
Total	**46.2**	**24.7**	**15.8**

Section 4.6 Earmarked Reserves and General Balances Policy Statement

Prudential Borrowing Reserve

3. In July 2022, Oxfordshire County Council adopted its new transport plan (LTCP), aiming to deliver a net-zero transport system that enables Oxfordshire to thrive, protects the environment, and makes the county a better place to live for all residents. The plan includes ambitious targets to replace or remove 1 in 4 car

trips in Oxfordshire by 2030, deliver a net-zero transport network by 2040, and have zero or as close as possible road fatalities or life-changing injuries by 2050.

4. The transport strategy for central Oxfordshire, the Central Oxfordshire Travel Plan (COTP), developed as part of the county's LTCP, proposes a set of 23 actions to help deliver on the policy objectives and targets and, more specifically, achieve a more sustainable and reliable transport system. The Workplace Parking Levy is one of the actions and a key priority for the county council.

5. It is proposed to use £2.5m funding held in the prudential borrowing reserve to support the revenue cost of the development of the Workplace Parking Levy in Oxford. Subject to the outcome from the public consultation and the Department for Transport approving the proposal there would be further costs of £0.9m related to full implementation. If the scheme is approved the expectation is that the cost of implementation would be met through the on-going operation of the scheme so the funding in the reserve would be replaced.

Annex A: Review of Charges 2024/25 and 2025/26

6. The Oxfordshire County Council contribution to the combined park and bus ticket has been amended to £1.20 (instead of £1.35) to reflect the arrangements agreed with Oxford City Council. The charges for one or two travellers are unaffected and remain unchanged at £2.00.

Section 5: Capital and Investment Strategy 2024/25 to 2033/34

Lodge Hill Interchange

7. The A34 junction at Lodge Hill, Between Abingdon-on-Thames and Oxford, currently has north-facing slip roads only. The proposed interchange improvements will add new south-facing slip roads to the A34, as well as traffic calming on the local network. Within the Capital Programme & Monitoring Report to Cabinet in December 2023, funding of £17.33m from Homes England, through the Brownfield Infrastructure & Land Fund (BIL) was announced and included within the capital programme.

8. The latest budget provision of £34.660m for the scheme is included within the draft capital programme included at Section 5.4. The scheme is funded from BIL grant, Housing & Growth Deal grant, previous grant from Department for Communities & Local Government and Section 106 funding.

Lorna Baxter, Executive Director of Resources and Section 151 Officer

Contact Officers: Kathy Wilcox, Head of Corporate Finance

January 2024

Review of Charges 2024/25
Environment & Place

Service Area	Charge	Unit	Current Charge 23/24 (exclusive of VAT) £	Proposed Charge 2024/25 exclusive of VAT £	Proposed Charge 2024/25 inclusive of VAT £	Change %	Proposed date effective from	Discretionary or Statutory	VAT Class
Park and Ride	Combined Park & Bus - single traveller	OCC contribution reduced from £2 to £1.20	2.00	2.00	2.00	0%	01/04/2024	Discretionary	NB
	Combined Park & Bus - two travellers	OCC contribution reduced from £2 to £1.20	2.00	2.00	2.00	0%	01/04/2024	Discretionary	NB

This page is intentionally left blank