

Section 5

Capital Budget Strategy

Capital and Investment Strategy - 2021/22 to 2030/31

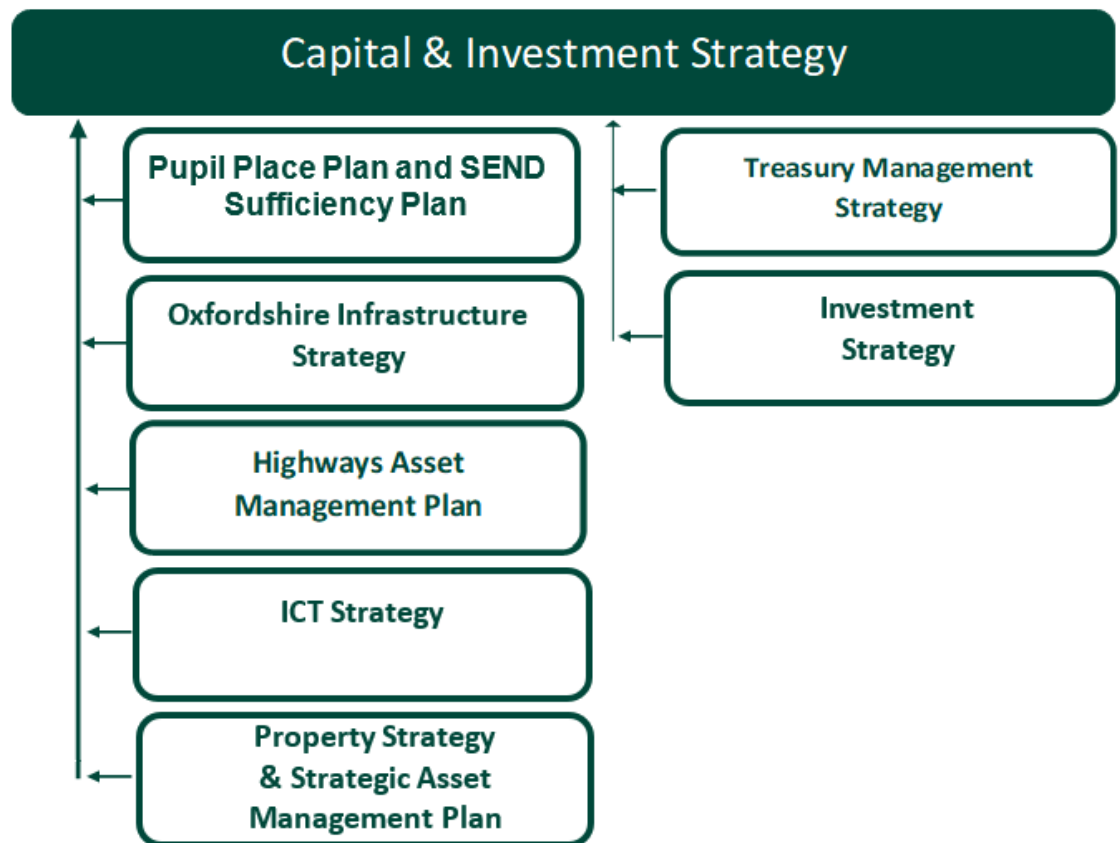
Purpose and Objectives

1. The Prudential Code for Capital Finance in Local Authorities 2017 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.
2. 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.
3. 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.
4. The Prudential Code requires authorities to look at capital expenditure and investment plans 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.
5. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
6. This Capital and Investment strategy sets out the requirements of the Prudential Code covering all the investments of the authority and covers the following areas:
 - Approach to capital investment
 - Capital financing principles
 - Capital programme approach and overview of existing Capital Programme
 - Capital investment proposals for 2021/22 – 2030/31
 - Capital governance and decision-making
 - Minimum Revenue Provision Policy Statement for 2021/22 (Annex 1)

- Prudential Indicators for Capital Finance (Annex 2)

Introduction

7. The Capital and Investment Strategy is a policy document that outlines Oxfordshire County Council's approach to investments over the next ten years. It is closely linked to other key strategic and policy documents, such as:
 - The Corporate Plan
 - The Oxfordshire Infrastructure Strategy (OxIS)
 - Oxfordshire Local Industrial Strategy
 - Oxfordshire Joint Statutory Spatial Plan
 - The Financial Strategy including the Medium Term Financial Strategy
8. This strategy reflects the ambition for the Capital Programme where the schemes contained in the programme will all be defined from council strategies that determine the management of its assets, services and needs.
9. This diagram shows relationship between the Capital and Investment Strategy and supporting plans and strategies:



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10. The Capital and Investment Strategy complements the key documents above by defining the approach, structure and governance for the effective financing and management of the Council's capital investment needs and ambitions. It outlines how capital investment contributes to the Council's priorities and how the Council's existing and proposed capital resources will be effectively managed to meet the planned needs plus opportunities for meeting the ambitions for longer term capital investments.
11. It is inevitable that the level of capital resources required to meet capital investment needs and aspirations will exceed the actual resources available. Therefore, one of the key purposes of the Capital and Investment Strategy is to ensure that capital projects or programmes are only approved where they accord with the capital investment principles.
12. The Council seeks to employ a variety of different resources to close the funding gap. In this context, the second key purpose of the Capital and Investment is to ensure that capital investment plans are affordable, prudent, sustainable and demonstrate value for money. It provides the framework for determining capital spending plans and the effective use of the Council's capital resources.
13. The capital programme is structured as follows:
 - **Pupil Place Plan:** including basic need (new schools and expansion), maintenance, health and safety and improvements
 - **Property and Estates:** including health and safety, maintenance, improvements and the Investment Strategy
 - **Highways and structural maintenance:** including street lighting, and bridges
 - **ICT Strategy:** including broadband and End User equipment
 - **Passported Funds:** including Disabled Facilities Grant and Devolved Schools Capital
 - **Vehicles and Equipment:** including fire and rescue vehicles and equipment
 - **Major Infrastructure:** including Growth Deal Infrastructure programme
14. For 2021/22 onwards the Capital Programme has also been categorized between firm schemes that have been agreed to address identified need – the **Firm Programme**, and elements of the programme that are forecast costs to address predicted needs – the **Pipeline Programme**. Schemes in the Firm Programme have a defined scope with an initial cost estimate. Schemes in the Pipeline programme are subject to optioneering and feasibility assessment and have estimated costs. As such, these schemes may change in both scope and value before being brought forward into the firm programme reflecting changes in the underlying need and value for money assessment.

The Council's Corporate Plan Priorities

15. The Capital and Investment Strategy emphasises the significant contribution that the capital programme can make in delivering the corporate priorities of thriving communities, thriving people and thriving economy and in bringing benefits for wider communities. It embraces the Council's philosophy of putting residents at the heart of everything we do; and, through the delivery of programmes and schemes will ensure adherence to the Council's own strategy for Climate Action. This strategy also seeks to ensure that resources are used in the most efficient way and support the Council's objectives most effectively.

Capital Investment Principles

16. The Council's approach to capital investment is integral to the Council's financial planning processes. The approach aims to ensure that:
- Capital expenditure contributes to the achievement of the priorities set out in the Corporate Plan including commitment to Climate Action;
 - 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 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 Programme Financing Principles

17. 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; or
 - iii. It contributes towards the overall investment approach
- Revenue contributions will be made to the programme for ongoing maintenance and replacement programmes

Investment Strategy

18. The Investment Strategy is required to be approved by Council annually and is included at Section 5.3. The Investment Strategy sets out an investment framework under which the Council can undertake investments against the following broad categories:
- A. maximising the use of and value of Council owned assets (land and buildings) to maximise revenue return through appropriate change of use to include (but not limited to) commercial, residential or renewable energy;
 - B. investments for regeneration purposes in order to deliver a wider social, service, or community benefit;
 - C. investments in property funds, bond funds, equities and multi asset classes;
 - D. acquisitions and investments, which generate a commercial return (yield).
19. An investment strategy offers opportunities for generating long term and sustainable income streams through investment in asset classes with different attributes to investments currently held through Treasury Management activities. This diversifies the overall investment portfolio and enhances the financial resilience of the Council.
20. The Prudential Code requires that where authorities have commercial investments (Category D), that local authorities should disclose the contribution they make towards the service delivery objectives and/or place making role of the authority. In addition, the types of investment, due diligence processes, the proportionality of those investments and the local authority's risk appetite are also required to be set out. Currently no investments of this nature have been made or are planned within the proposed Capital Programme for 2021/22 to 2030/31.
21. The Investment Strategy is supported by the Property Strategy (Section 5.4) which will identify opportunities for releasing Council owned assets to realise investment opportunities by achieving the key strategic objectives set out in the strategy to:
- support excellent service delivery for the community
 - support and empower a more agile organisation

- deliver climate action priorities
- achieve more value from our assets

Capital Programme Investment Overview

22. The Council's ten year Capital Programme is derived from the priorities identified in the supporting strategies and sets out the agreed capital investment to deliver those priorities.
23. 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 which 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.
24. The proposed capital programme for 2020/21 to 2030/31 totals £1.467bn. The proposed programme is based on the latest capital programme 2020/21 to 2029/30 as reported to Cabinet in the Capital Programme Monitoring Report in December 2020, including recommendations set out in the report, and proposed changes to the programme set out in Section 5.6.
25. The table below sets out the proposed programme by strategy and the split between the Firm Programme (£1,301.5m) and Pipeline Programme (£160.1m).

Strategy / Programme	Proposed Firm Programme £m	Proposed Pipeline Programme £m	Total Programme £m
Pupil Place Plan	182.0	78.0	260.0
Major Infrastructure	590.5	27.4	617.9
Highways Asset Management Plan	338.0	-	338.0
Property, Estates and Investment Strategy	63.2	7.4	70.6
ICT	24.5	2.8	27.3
Passported Funding	94.5	-	94.5
Vehicles and Equipment	8.8	0.6	9.4
Earmarked Reserves	-	48.8	48.8
Total Estimated Capital Programme	1,301.5	165.0	1,466.5

26. Section 5.5 Sets out the Draft Capital Programme for 2021/22 to 2030/31 by year.

Pupil Place Plan - £260.0m

27. The Pupil Place Plan was agreed by Council in February 2020 and will be revised in Autumn 2021. The programme also includes investment to support the SEND Sufficiency Strategy, including the re-provision and expansion of Northfield School.
28. It is proposed to increase the Pipeline programme by £9.7m to reflect additional emerging need over the ten-year programme and to include an additional year for the annual maintenance programme in 2030/31.
29. The proposed Pipeline Programme also includes the creation of a contingency of £7.0m which has been earmarked for potential additional costs of building new schools arising from changes to building regulations and a zero carbon initiative for new schools which is subject to a policy decision.

Major Infrastructure - £617.9m

30. The current programme includes delivery of the Growth Deal Infrastructure Programme, Didcot Garden Town and the A40 Smart Corridor.
31. It is proposed to bring schemes totalling £16.2m into the Firm Programme, including an additional £9.7m investment in the Banbury Road Corridor, £1.0m development budget for phase 2 of the Science Vale Cycle Network and £1.0m budget for the Abingdon Local Cycling and Walking Infrastructure Plan (LCWIP).
32. The Pipeline programme for Major Infrastructure is in development and will be brought forward through the Budget and Business Planning process for 2022/23.

Highways Asset Management Plan - £338.0m

33. The Highways Asset Management Plan was agreed by Council in February 2020. There are no changes to the strategy and the proposed capital programme included the extension of the annual maintenance programme for a further year to 2030/31. The programme includes the additional £80m investment agreed in September 2018. This investment is being made over five years with 2021/22 being the third year.
34. During the year it was reported that a funding gap has emerged for the £53.0m investment in Kennington Bridge of £11.1m due to a shortfall in expected grant funding. The proposed changes to the capital programme enable this funding gap to be met through the reprioritisation of corporate resources.
35. The current programme also includes investments in the street lighting estate (total investment of £41m) funded by prudential borrowing. The borrowing cost for this investment will be funded by the reduction in revenue costs in relation to street lighting.

Property Assets and Investment Strategy - £70.6m

36. The current programme included an indicative allocation of £25m for asset condition work which was approved in September 2018 as part of a wider (up to) £40m investment in Property to manage legacy issues relating to property maintenance and the demise of Carillion. The investment undertaken to date has enabled essential works to be completed to ensure that the estate remains compliant with statutory and health and safety requirements. It is proposed to reduce the asset condition programme to £5.0m which covers the firm programme of 2021/22 and 2022/23 only and is in addition to the £3.0m Corporate Structural Maintenance budget. The ongoing need for investment in council owned assets will be reviewed during 2021/22 through completion of an asset condition survey in line with the property strategy, agile working and the Investment Strategy. Proposals for 2022/23 onwards brought forward through the Budget and Business Planning process and will form the Pipeline programme for Property.
37. The current programme includes an indicative budget of £10.0m to support the Investment Strategy. It is proposed to increase this to £11.7m following the identification of priority schemes for investment which includes £7.0m towards the development of Speedwell House. All investment schemes should be self-financing by delivering investment returns, enhanced capital receipts or revenue savings.
38. A £5.0m investment in a Supported Living Housing Fund is proposed to deliver additional supported living accommodation for people with learning disabilities within Oxfordshire.

ICT - £27.3m

39. The Information and Communication Technology Strategy was approved by Cabinet on 19 December 2019. No changes are proposed to the current programme which includes a provision of £2.2m towards future corporate or service specific requirements which may arise from new ways of working.

Passported Funding - £94.5m

40. Passported funds are funds transferred to third parties to deliver schemes, usually through a funding agreement.
41. The programme includes the Disabled Facilities Grant and the Affordable Housing element of the Growth, both of which are passported to the City and District Councils for delivery.
42. As the Accountable Body for the Oxfordshire Local Enterprise Partnership (OxLEP), the Council's capital programme also includes schemes delivered by third parties on behalf of OxLEP which are funded by government grant.

Vehicles and Equipment - £9.4m

43. The proposed programme includes an £8m investment in the annual renewals and replacement programme for vehicles and equipment for the Fire and Rescue service. This is funded by an annual revenue contribution to the programme.

Earmarked Reserves - £48.8m

44. A £7.2m contribution is proposed to the Environment Agency (EA) to support the delivery of the Oxfordshire Flood Alleviation Scheme (OFAS). This can be funded following the receipt of additional funding from OxLEP which was originally intended to fund OFAS but could not be passed directly from OxLEP to the EA due to timing restrictions on the grant funding. The funding is required by the EA in order to maintain a fully funded scheme and progress with planning in the spring.

Capital Programme Financing Overview

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

Financing	Total Programme £m
Section 106 and Community Infrastructure Levy	235.1
Capital Reserves	17.8
Grants and contributions	890.8
Prudential Borrowing	226.3
Capital receipts	73.9
Revenue Contribution	22.7
Total Financing	1,466.5

46. When necessary, the Capital Programme can fund schemes in advance of receiving specific funding by utilising other resources within the wider programme on an interim basis.
47. The Capital Programme includes a prudential borrowing requirement of £226.3m. The Treasury Management Strategy (Section 5.2) sets out the Council's strategy for financing this borrowing requirement through both internal and external borrowing.

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48. The Treasury Management Strategy also sets out the Council's approach to the investment of cashflows arising from the Council's Capital Programme and Medium Term Financial Strategy.

Governance Arrangements

49. 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.
50. 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.
51. 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.
52. The Section 151 Officer, jointly with the Corporate Directors with responsibility for delivery of the Capital Programme, are responsible for ensuring that appropriate arrangements are in place to monitor the capital programme and resources. To facilitate this, capital budgets and project scope are agreed and updated through a robust Business Case process from scheme optioneering through to scheme completion.

Minimum Revenue Provision Policy Statement for 2021/22

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 tax payers.
2. Legislation¹ 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 (2017) 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 2021 capital programme which will be approved by Council on 9 February 2021 with the Business and Budget Planning Report.
3. The capital expenditure figures for beyond 2021/22 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 that it plans to incur during 2021/22 and the following two financial years. The Council must also approve the actual expenditure for 2019/20 and revised expenditure for 2020/21.

Capital Programme Estimates	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Capital Expenditure	105.671	174.056	279.671	278.466	329.277	154.233
Financed by:						
Prudential Borrowing	0.082	1.871	80.665	56.285	72.587	5.125
Grants and Contributions	104.975	171.621	198.056	184.624	253.896	144.237
Capital Receipts	0.000	0.000	0.000	34.224	0.000	9.600
Revenue	0.614	0.564	0.950	0.950	11.950	0.980
Reserves	0.000	0.000	0.000	2.383	-9.156	-5.709
Total Capital Investment	105.671	174.056	279.671	278.466	329.277	154.233

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 2020 that are recommended for approval are:

Year	Actual/Estimate	£m
2019/20	Actual	358.419
2020/21	Estimate	349.683
2021/22	Estimate	419.707
2022/23	Estimate	454.401
2023/24	Estimate	526.335
2024/25	Estimate	520.225

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.

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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.

	2020/21 Probable outturn £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Operational Boundary for External Debt					
Borrowing	360.000	395.000	430.000	480.000	500.000
Other long-term liabilities	25.000	25.000	25.000	25.000	25.000
TOTAL	385.000	420.000	455.000	505.000	525.000
Authorised Limit for External Debt					
Borrowing	370.000	415.000	450.000	500.000	520.000
Other long-term liabilities	30.000	30.000	30.000	30.000	30.000
TOTAL	400.000	445.000	480.000	530.000	550.000

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 31.03.20	£m
External Borrowing	343.383
Other Long-term Liabilities	17.483
Total	360.866

Gross Debt and the Capital Financing Requirement

12. This is a key indicator of prudence. In order to 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. In 2019/20 the CFR was marginally lower than gross debt, indicating a level of borrowing in advance of need. This is also the case in the for 2020/21.

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However, from 2021/22 onwards the CFR is forecast to be higher than the level of external borrowing which indicates a level of internal borrowing 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	31.03.20 Actual £m	31.03.21 Revised £m	31.03.22 Estimate £m	31.03.23 Estimate £m	31.03.24 Estimate £m	31.03.25 Estimate £m
External Borrowing	335.383	338.383	379.383	412.383	409.383	407.383
Long Term Liabilities	17.483	16.970	16.391	15.736	14.997	14.161
Total Debt	352.866	355.3534	395.774	428.119	424.38	421.544

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.

Year	Actual/ Estimate	Financing Cost £m	Net Revenue Stream £m	Ratio %
2019/20	Actual	20.9	469.3	4.45%
2020/21	Estimate	20.4	502.7	4.06%
2021/22	Estimate	20.0	524.7	3.81%
2022/23	Estimate	24.8	520.7	4.77%
2023/24	Estimate	27.7	539.2	5.13%
2024/25	Estimate	29.3	557.5	5.25%
2025/26	Estimate	30.3	576.4	5.27%

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

Treasury Management Strategy Statement & Annual Investment Strategy for 2021/22

Executive Summary

1. The Treasury Management Strategy & Annual Investment Strategy for 2021/22 outlines the Council's risk appetite and strategic objectives in terms of its debt and investment management for the financial year 2021/22.
2. The forecast average cash balance for 2021/22 is £428m. The Council will maintain the investment in strategic pooled funds with a purchase value of £101m, with the remaining £327m being managed internally with a mixture of short, medium and long-term deposits.
3. The Bank of England Base Rate is forecast to remain at 0.10% for the foreseeable future, with heavy risk weighting to the downside.
4. UK Government Gilt yields are likely to remain below 0.75% for the foreseeable future, and the PWLB¹ have reinstated their certainty borrowing rates to 80 basis points over gilts.
5. With the prospect of interest rates remaining lower for longer, and cash balances being higher than previously forecast over the medium term, it is recommended to increase the long-term lending limit from £175m to £215m in 2021/22, tapering down to £185m by 2024/25.
6. Changes to the Treasury Management Strategy will be delegated to the Director of Finance in consultation with the Leader of the Council and Cabinet Member for Finance

Background

7. 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.
8. 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.
9. Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market

¹ Public Works Loans Board

transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

10. The proposed strategy for 2021/22 is based upon the views of the Council’s Treasury Management Strategy Team (TMST)², informed by market forecasts provided by the Council’s treasury advisor, Arlingclose Limited.
11. It is proposed that any further changes required to the Annual Treasury Management Strategy & Annual Investment Strategy, continue to be delegated to the Director of Finance in consultation with the Leader of the Council and Cabinet Member for Finance.

Treasury Limits for 2021/22 to 2024/25

12. The Authorised Borrowing Limit requires the Council to ensure that total capital investment remains within sustainable limits and that the impact upon future council tax levels is ‘acceptable’.
13. The capital investment relevant to this indicator to be considered for inclusion incorporates financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

Forecast Treasury Portfolio Position

14. The Council’s treasury forecast portfolio position for the 2021/22 financial year comprises:

	Principal £m	Average Rate %
Opening External Debt Balance		
PWLB	285.383	4.549
LOBO	45.000	3.943
Money Market Loans	5.000	3.950
TOTAL EXTERNAL DEBT	335.383	
<u>2021/21 Average Cash Balance</u>		
Average In-House Cash	327.026	
Average Externally Managed	101.006	
TOTAL INVESTMENTS	428.032	

²Comprising the Director of Finance, Service Manager (Pensions), Head of Corporate Finance and Treasury Manager.

15. The average forecast cash balance for 2021/22 is comprised of the following:

	Average Balance £m
Earmarked Reserves	70.000
Capital and Developer Contributions	239.221
General Balances	30.000
Cashflow and Working Capital Adjustments	74.615
Provisions and Deferred Income	14.196
TOTAL	428.032

Treasury Management Advisors

16. Arlingclose continue to provide the Council's Treasury Management Advisory Service. The current contract is due to expire on 30th April 2021. A competitive tendering exercise is being undertaken and new contract for Treasury Management Advisory Service will be awarded to the successful applicant from 1st May 2021.

Prospects for Interest Rates

Economic Background – Provided by Arlingclose

17. The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.
18. The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.
19. UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation rose to 1.3% from 0.9%. Labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021.
20. GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

Credit outlook – Provided by Arlingclose:

21. After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.
22. The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
23. Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast – Provided by Arlingclose:

24. Arlingclose is forecasting that BoE Bank Rate will remain at 0.10% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.
25. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Treasury Management Strategy Team's View

26. The Council's TMST, taking into account the advice from Arlingclose, market implications and the current economic outlook, have determined the rates to be included in the Strategic Measures budget for 2021/22 and over the medium term. TMST forecast no change in base rate over the medium term. The Bank Rate is forecast to remain at 0.10% for the medium term.
27. The TMST does not expect official bank rates to move below zero, however it remains a real risk. If bank rate did fall below zero, the council would divest from any negative yielding instant access deposits and switch to a series of short term

inter local authority deposits, whilst inter local authority returns remain above, or at zero. If there are insufficient options to invest short term at a positive yield, the TMST will seek to strike a balance between short term liquidity and capital preservation through careful cashflow forecasting whilst increasing the average duration of the investment portfolio.

28. The TMST team has agreed that based on the current portfolio of deposits and market rates, the target in-house rate of return as set out below. These rates have been incorporated into the strategic measures budget estimates:

- 2021/22 0.58%
- 2022/23 – 2025/26 0.25%

Borrowing Strategy

29. It is expected that the Bank Rate will remain at 0.10% during 2021/22. Borrowing rates are forecast to be between 0.95 – 1.70% in the short to medium term, therefore the “cost of carry³” associated with the long-term borrowing compared to temporary investment returns will be significantly reduced compared to previous years.

30. The external borrowing of the Council is set to fall well below the Capital Financing Requirement due to increased capital expenditure and £106m of debt repayments by 2027/28.

31. The Council needs to borrow to finance prudential borrowing schemes. The Council’s Capital Programme Financing Principles applies capital grants, developer contributions, capital receipts and revenue contributions to fund capital expenditure before using prudential borrowing.

32. Financing the Council’s borrowing requirement internally would reduce the cost of carry in the short term but there is a risk that the internal borrowing would need to be refinanced with external borrowing at a time when PWLB (or its successor) and market rates exceed those currently available.

33. The Council’s TMST have agreed that they should maintain the option to fund new or replacement borrowing up to the value of £100m of the portfolio through internal borrowing. Internal borrowing will have the effect of reducing some of the “cost of carry” of funding. Internal borrowing will also be used to finance prudential schemes.

34. The TMST will monitor the borrowing rates during the 2021/22 financial year. 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 take out new or replacement borrowing to give the Council certain of cost over the long term, and to reduce Interest Rate Risk and Refinancing Risk in the short to medium term. Any borrowing will be reported to Cabinet.

³ The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

35. As the Accountable Body for OxLEP Ltd, the Council will be required to prudentially borrow £41m on their behalf for project funding from 2021/22 onwards. The borrowing will be included in the Council's overall borrowing requirement, using internal or external borrowing as appropriate. The loans will be repaid through the retained business rates of the enterprise zone. The TMST monitor interest rates and will consider forward borrowing on behalf of OxLEP at the end of 2020/21 if it is determined to be cost-effective.
36. If the PWLB offer any further lending rounds of the Local Infrastructure Rate, it is likely to be at a discounted interest rate of gilts + 60 basis points. The borrowing on behalf of OxLEP may be eligible as the schemes are all major infrastructure schemes.
37. The Council's chief objective when borrowing money 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.
38. 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.

Borrowing for the Capital Financing Requirement

39. The Council's Capital Financing Requirement (CFR) represents the Council's underlying need to finance capital expenditure by borrowing. The Council's CFR is currently forecast to increase over the medium-term financial plan. This is a result of the requirement to borrow on behalf of the OxLEP discussed in paragraph 35 and increased investment in the Council's Capital Programme, and the previously agreed infrastructure investment.
40. The Council's external debt is also forecast to increase over the medium-term financial plan as new external borrowing required for OxLEP projects and the infrastructure investment is forecast to exceed the rate at which existing long term debt is repaid upon maturity.

Borrowing Instruments

41. The main source of borrowing for the Council is the PWLB. The borrowing rate from the PWLB is directly linked to UK Government Gilt yield. There are three rates offered by the PWLB; the standard rate, the certainty rate and local infrastructure rate, which are 100, 80 and 60 basis points over gilts, respectively.
42. The Council will apply to qualify for the certainty rate each year. If the PWLB announce further infrastructure rate programmes, the Council will apply for it if appropriate.
43. The TMST forecast for available rates from the PWLB over the medium term are as follows:
 - 0.80 – 1.55% for the Certainty rate
 - 0.60 – 1.35% for the Infrastructure rate
44. 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). It is recommended that this remain as the limit for 2021/22. As at 30 November 2020 LOBOs represent 13.4% of the total external debt.
45. The Council has four £5m LOBO's with call options in 2021/22, three of which have two call options in year, whilst one has 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 is also exploring early repayment of LOBO's where there is a financial benefit to do so.
46. Other sources of funding be available to the Council include the money market, other Local Authorities and the Municipal Bond Fund. The TMST will consider all available funding sources when entering into any new borrowing arrangements.

Arlingclose's View on borrowing rates

47. Arlingclose have forecast gilt yields and borrowing rates over the medium term to be as follows:

Duration	Gilt Yield %	PWLB Infrastructure Rate %	PWLB Certainty Rate %
50 year	0.60 – 0.75	1.20 – 1.35	1.40 – 1.55
20 year	0.70 – 0.85	1.30 – 1.45	1.50 – 1.65
10 year	0.30 – 0.55	0.90 – 1.15	1.10 – 1.35
5 year	0.00 – 0.25	0.60 – 0.85	0.80 – 1.05

48. Arlingclose's forecasts have an upside variation range of between 0 and 70 basis points, and a downside variation range of between 10 and 50 basis points depending on the economic and political climate.

Treasury Management Prudential Indicators for Debt

Gross and Net Debt

49. This indicator is intended to identify where an authority may be borrowing in advance of need.

Upper Limit of net debt:	2020/21	2021/22	2022/23	2023/24	2024/25
Net Debt / Gross Debt	70%	70%	70%	70%	70%

Upper and lower limits to maturity structure of fixed rate borrowing

50. 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.

51. 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.

52. 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 2021/22	Lower Limit %	Upper Limit %
Under 12 months	0	20
12 months and within 24 months	0	25
24 months and within 5 years	0	35
5 years and within 10 years	5	40
10 years and above	40	95

Annual Investment Strategy

53. 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

54. 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.

55. 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 has been reviewed and there are no revisions proposed.

Investment Instruments

56. Investment instruments identified for use in the 2021/22 financial year are set out in the Specified and Non-Specified instrument tables below
57. 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.
58. 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.
59. 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 ⁴	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

60. 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.

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

⁴ 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 ⁵ 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	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

⁵ 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

62. With the prospect of interest rate remaining low for the medium term, and with an increase in peer to peer lending rates amongst Local Authorities, it is proposed to increase the duration for deposits with other Local Authorities to 5 years (from 3 years)

Credit Quality

63. The CIPFA Code of Practice on Treasury Management (2017) 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 73 and 74 respectively.
64. 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.
65. 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 Arlingclose and reported to TMST. Appropriate action will be taken for any change in rating.
66. 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 75 and 76), that counterparty will be immediately removed from the lending list.

67. 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.

Liquidity Management

68. 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

69. 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
70. 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 73 and 74 will still apply.
71. Counterparty limits as set out in paragraphs 73 and 74, 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.
72. Any changes to the approved lending list will be reported to Cabinet as part of the Business Management and Monitoring Report.
73. The Council also manages its credit risk by setting counterparty limits. The matrix below sets out the maximum proposed limits for 2021/22. 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

74. 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

Other institutions included on the councils lending list - Structured Products

75. As at 30 November 2020, the Council had no structured products within its investment portfolio. Structured products involve varying degrees of additional risk over fixed rate deposits, with the potential for higher returns. It is recommended that the authority maintain the option to use structured products up to a maximum of 10% of the investment portfolio. The Council will continue to monitor structured products and consider restructuring opportunities as appropriate.

External Funds

76. 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.

77. As at 30 November 2020, the Council had £98m (original purchase value of £101m) invested in external funds (excluding MMFs), representing 19% of the Council's total investment portfolio. The funds have largely recovered from the low value of £90m (cause by the Covid 19 pandemic) at 31 March 2020. Whilst there is likely to be continued short term volatility in the value of the funds, they are held with a long term view, and there is no intention to divest from any of the funds at present.
78. The external funds have a higher targeted income return than in house deposits of 3.75% which has been incorporated into the medium-term financial plan.
79. 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

80. 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

81. 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.
82. During 2020/21 the limit for longer term lending was increased from £200 to £215m to reflect the higher than forecast cash balances and to take advantage of high peer to peer lending rates. Cash balances were higher than forecast due to higher levels of Developer Contributions and slippage in the capital programme. It is proposed to maintain this limit to £215m for 2021/22, then reduce back down to £185m by 2025/26 as the average forecast balance reduces.

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Upper limit on principal sums invested longer than 364 days	215	185	185	185	185

Other Treasury Management Prudential Indicators

Upper limits on fixed and variable rate interest exposures

83. These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates.

Fixed interest rate exposure

84. Limits in the table below have been set to reflect the current low interest rate environment. The limits set out offer the Council protection in an uncertain interest rate environment by allowing the majority of the debt portfolio to be held at fixed interest rates, thus not subjecting the Council to rising debt interest.

Upper limit for fixed interest rate exposure	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Net principal re fixed rate borrowing / investments	£350m	£350m	£350m	£350m	£350m	£350m

85. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Variable interest rate exposure

The council will maintain a zero (or negative) net variable interest rate exposure. This is maintained by insuring the Council's variable rate debt is lower than variable rate investments

86. 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 Treasury Management Outturn Report 2020/21 and the Treasury Management Mid-Term Review 2021/22, which will be considered in July and November 2021 respectively.

Policy on Use of Financial Derivatives

87. 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.

88. 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.
89. It is the view of the TMST that the use of standalone financial derivatives will not be required for Treasury Management purposes during 2021/22. The Council will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

Performance Monitoring

90. The Council will monitor its Treasury Management performance against other authorities through its membership of the CIPFA Treasury Management benchmarking club.
91. Arlingclose benchmark the performance of their clients against each other on a quarterly basis, looking at a variety of indicators including investment risk and returns.
92. Latest performance figures will be reported to the Audit & Governance Committee and Cabinet in the Treasury Management Outturn Report 2020/21, and the Treasury Management Mid-Term Review 2021/22, which will be considered in July and November 2021 respectively.

Investment Training

93. All members of the Treasury Management Strategy Team are members of CIPFA or other professional accounting body. 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.
94. 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 and Legal Implications

95. Interest payable and receivable in relation to Treasury Management activities are included within the overall Strategic Measures budget. In house interest receivable for 2021/22 is budgeted to be £1.87m
96. Dividends payable from external funds in 2021/22 are budgeted to be £3.20m.
97. Interest payable on external debt in 2021/22 is budgeted to be £14.74m.
98. 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 Office. CIPFA guidance promotes the need for consultative working and collaboration between these respective roles to promote good organisational governance.

Environmental Impact

99. This report is not expected to have any negative impact with regards to the Council's zero carbon emissions commitment by 2030.
100. The Treasury Management Strategy Team (TMST) 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 investment practices.
101. 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.
102. The Council is undertaking a review of all of its Treasury Management investments to produce a report on how it is performing with regards to Ethical, Social and Governance (ESG) criteria.
103. 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.
104. The Treasury Management function is now completely paperless, and remote working is likely to remain normal for the foreseeable future.

INVESTMENT STRATEGY

Introduction

An Investment Strategy for the governance and making of property investment decisions was agreed in September 2019 by Full Council. This updated Strategy Paper refines the Property Investment Strategy, by setting out the new investment framework, under which the Council can undertake investments against the following broad categories:

- maximising the use of and value of Council owned assets (land & buildings) to maximise revenue return through appropriate change of use to include (but not limited to) commercial, residential or renewable energy;
- investments for regeneration purposes in order to deliver a wider social, service, or community benefit;
- investments in property funds, bond funds, equities and multi asset classes;
- acquisitions and investments, which generate a commercial return (yield).

Continuing reductions in Central Government funding, at a time when Councils are facing increasing demand for services and an ageing population, means that alternative sources of income and optimisation of Council assets and resources need to be identified. The investment strategy is intended to enhance the financial resilience of the Council by investing to:

- increase income from existing assets; and/or
- increase capital growth;
- secure new sources of income.

Full Cabinet therefore agreed that the development of a Property Investment Portfolio was considered appropriate. Since September 2019, Officers have been developing a clear and transparent strategy with suitable governance arrangements, alongside ensuring that we have the right commercial skills in place to evaluate and manage the risk profile of the Portfolio.

The Council has a key leadership role to play in placemaking in Oxfordshire. The investment decisions that it makes have the potential to greatly enhance the well-being and prosperity of communities across the County. The Council will consider the community value and social value of investment opportunities when making its decisions. The Council will also make every effort to ensure that its investments are in line with its commitment to make climate action a 'top priority in decision making' and to deliver our own estate and countywide reduction targets. Similarly, investments can also support the development of new delivery models for the benefit of residents, businesses, and visitors. The Council will seek to prioritise opportunities that are carbon neutral,

use/generate green energy, or reduce travel and waste. This is all part of our contribution to healthy place shaping and climate action.

The Council has an existing portfolio of land and buildings which, for a number of reasons, may be surplus to requirements as a result of the Council's evolving Property Strategy. There is therefore an opportunity to review these assets and resources, and then evaluate the most suitable options in order to optimise operational efficiency, customer access, and economic and financial value.

Furthermore, there are opportunities to support regeneration or growth using Council assets to lever in further investment or combine with other private or public sector assets to achieve specific regeneration and growth objectives.

An investment strategy also offers opportunities for generating income from assets and the opportunity to deliver a long term and sustainable income to enhance the financial resilience of the Council. This may be achieved through the capital programme or various investment vehicles which offer a range of diverse options to generate income, particularly where there can be a margin between the net return and the funding costs. Each investment opportunity will be evaluated against stringent financial criteria to ensure each delivers gross income aspirations whilst taking consideration of the costs of operating, including lending, acquisition and operating costs where relevant.

In line with the council's commitments on operational and countywide carbon emissions, investment opportunities will also be subject to a carbon assessment.

Statutory Framework

The Ministry of Housing, Communities & Local Government (MHCLG) has policy responsibility for The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. This covers the responsibility for ensuring that statutory guidance drives local authorities to make borrowing and investment decisions in a way that is commensurate with their statutory responsibilities and the best value duty. It also includes overall responsibility for the Local Government finance system, including understanding the risks to the system from changes in the types of borrowing and investment activities that local authorities are undertaking.

The CIPFA Prudential Code requires that where authorities have commercial investments, that local authorities should disclose the contribution they make towards the service delivery objectives and/or place making role of the authority. In addition, the types of investment, due diligence processes, the proportionality of those investments and the local authority's risk appetite are also required to be set out. The Government also recognises that local authorities have a key role in local economic regeneration, and this may mean that they choose to take on projects that the private sector would not consider.

Investment Objectives

The Council's investment objectives are defined as follows:

- To support growth, regeneration and help deliver the Council's strategic objectives;
- To align with the evolving national zero carbon transition;
- To ensure the portfolio is governed and administered within appropriate risk parameters and in a way that supports long term sustainability for the Council and residents of Oxfordshire;
- To maximise the use of capital receipts and revenue income to:
 - maintain the portfolio size, diversity and yield;
 - invest in property to generate future income / capital receipts;
 - invest in assets to support service delivery and other Council priorities, and reduce ongoing revenue costs.

Existing Investment Portfolio

As at 31 March 2020, the Council has an existing property portfolio of which £25m is invested in property via a strategic pooled fund and £23.5m in direct investment properties held for rental returns or capital appreciation. The direct investments are predominately made up of:

- Agricultural holdings which were specifically retained in 1992 (when the rest of the Smallholdings Estate was sold) as these sites were recognised as holding long term potential for residential development. Since this time the Estates team have been promoting development of these sites through the Local Plan, and have significantly enhanced the value from farm land to residential development land as the sites have been allocated - total value £17m. Work continues to further enhance land values through master planning and ultimately grant of planning permission.
- Non-operational properties held for rental or capital returns total value £6.5m.

Investment Categories

Investments have been grouped into four broad categories as set out below

A	B	C	D
Maximise use of and value of Council owned assets (land & buildings) linked to the Council's forthcoming Property Strategy – Capital expenditure	Investments for regeneration purposes in order to deliver a wider social, service, or community benefit – Capital expenditure	Investments in property funds, bond funds, equities and multi asset classes (either through treasury management activities or capital expenditure)	Investments, which generate a commercial return (yield) – Capital expenditure

Category A

The Council already owns a sizeable property portfolio (land and buildings) comprising of operational and non-operational assets. Assets which are determined as surplus to operational requirements, via the evolving Property Strategy, will be considered for investment purposes. The resource to undertake effective management of our property assets already exists in-house, and investment in our own assets is a continuation and extension of work already underway.

Non-operational Sites – there are currently a number of major development sites totalling 86 hectares, that are in progress, with anticipated receipts expected from 2024. £40m of the anticipated receipts are already included within the capital programme funding up to 2028/29.¹ The table below shows the extent of our remaining non-operational land holdings that have development value.

Phases	Land Holdings	Indicative Timescales
In Progress	~86 hectares	Major Receipts 2024 onwards
Medium Term	~17 hectares	Receipts c.2035-40 onwards
Long Term	~29 hectares	Receipts c.2040-50 onwards

Operational Sites – closely linked to the Property Strategy, the Council has the potential to make further changes to how staff work in and use buildings in order to rationalise space and better match customer requirements. Using operational space more efficiently, including opportunities to share office accommodation with Partner organisations, has the ability to both reduce/share running costs and generate income from the commercial market.

Over the last decade there has been significant work to improve the utilisation of our sites, leading to a 25% reduction in running costs. A number of key Council-owned sites in central Oxford were reviewed in 2018 with input from external property consultants, validating the case for releasing and redeveloping specific sites in order to generate

¹ The majority of these receipts will not be realised until at least 2024 onwards.

income.² With access to funding, under the investment strategy, there is potential across the estate to further optimise the use of our assets and invest in them to maximise capital values and/or rental yields.

Maximising the use of and value of Council owned assets to increase revenue return through appropriate change of use, is a key priority and it is anticipated that this will be the focus of the Property Investment Strategy over the short term. Where for commercial reasons it is considered more appropriate to sell Council owned assets, it is anticipated that these capital receipts will be reinvested in property assets.

Category B

This type of property investment reflects the acquisition of property primarily for regeneration purposes in order to deliver a wider social, service, or community benefit. They may include:

- Strategic regeneration / placemaking opportunities that provide benefits to the wider community including buildings for charitable or community uses;
- Delivery of projects that otherwise might stall or not progress if left in private sector hands but will fulfil Council objectives;
- Non-financial gains where inward investment can create/maintain jobs or prevent local market failure;
- Purchase of underperforming property assets which provide key strategic regeneration opportunities to generate the catalyst for future economic development;
- Partnering with others to deliver broader benefits and unlock financial investments for the area that would otherwise be lost.

These investments will always be within the boundaries of Oxfordshire and will only be pursued where there is a clear business case demonstrating how it will contribute to the regeneration of Oxfordshire. Under current HM Treasury proposals, it is anticipated that Public Work Loan Board (PWLB) funding would be available for the acquisition of Category B properties.

Category C

The Council already has a portfolio of investments as part of its Treasury Management activities (of which circa £25m is invested in property funds). The strategic approach to these investments is reviewed on an annual basis as part of the Treasury Management Strategy Statement & Annual Investment Strategy. It is proposed that any change to investments that are classified under Category C are managed using the current Treasury Management governance framework. However, it is important to consider the portfolio of

² Or in some case, increase a capital receipt which could then be reinvested.

investments as a whole, especially as some investments in this category may be classified as capital expenditure rather than treasury management activity.

Category D

This type of investment reflects the acquisition of income producing property held for non-operational purposes. In considering properties in this category, prudence and caution must be exercised. Such investments would be undertaken for the primary purpose of achieving financial return (for which under current HM Treasury proposals, Public Work Loan Board (PWLB) funding would not be available, although this would not preclude loan funding from other sources). These investments would be set against certain criteria in accordance with The CIPFA Prudential Code, to provide additional long-term revenue stream to support front line services and other Council objectives.

This type of investment is currently not an area the Council would be active on, especially considering the wider impact of Covid-19. However, if the Council chooses to invest in this Category, the CIPFA Prudential Code principles will be followed.

The CIPFA Prudential Code is based upon the principle that Authorities should take relatively low risks when investing public money, and that investment considerations should include; affordability, prudence and proportionality (of the value of held property investment assets relative to the wider investment portfolio).

Achieving a balanced portfolio with an appropriate spread of risk over the long term is desired. This could be achieved through a greater number of property investments with diversification across geographical locations, and across the range of property assets.

The principle of balancing risk whilst maximising the return to the Council will be taken in respect of investment opportunities. As consideration is given to new investment opportunities, properties within the county of Oxfordshire or adjoining counties will be preferred however, if a property meets all the investment criteria (and is being funded by existing equity rather than PWLB borrowing), then the location alone should not preclude consideration where it can be objectively demonstrated that there are multiple benefits, including the improvement or development of Oxfordshire, if supported by the Statutory Officers.

Under the revised terms of the PWLB it is unlikely that local authorities will be able to borrow for investments within Category D. This means that any investments within the category would need to be funded from existing Council resources or capital receipts. The benefits of utilising capital receipts for this purpose will need to be carefully balanced against the funding requirements of the wider capital programme and the benefits of reducing the need to borrow for other investment in assets to support service delivery and infrastructure. Consideration will also be given to maintaining the investment portfolio size, diversity and yield.

Reporting and Management of Investment Portfolio

All investment activity will be grouped and reported as a single portfolio and reflected in the Council's Capital & Investment Strategy, which requires agreement via the annual budget setting process. As part of this, a new portfolio will be created in the Capital Programme to cover dedicated funding for investments. Investments and returns will be monitored and appropriately balanced across the Investment Categories.

The Investment portfolio will be kept under review on a regular basis by the S.151 Officer and the relevant Director/Head of Service.

The process by which the Investment Portfolio is managed is set out in Annex 1. This management process will be reviewed and updated annually as the Investment Portfolio matures.

Risks

Investment in property, as with any investment, is not without risk. Specifics include market conditions that may cause the value of an investment to decrease, variable income caused by tenant demand or liquidity as a result of investor demand. The CIPFA Prudential Code identifies the need for ongoing performance and management arrangements which should include procedures to highlight key risks or changes that may affect the security, liquidity and/or yield of the property investment portfolio. CIPFA also provide guidance on the issue of risks in relation to the fair value of the property on the balance sheet, for example where the property value is less than the value of the debt liability.

Governance

It is proposed that investments in Category D will follow the governance route set out below. Investments in Categories A, B, & C will follow existing governance routes in line with the Council's Constitution and Financial Procedure Rules (FPRs). Categories A & B will require submission of a Capital Business Case or equivalent. However, all categories will be reported annually as part of the Council's Capital & Investment Strategy as part of the governance of the Council's budget setting process.

The property investment market is competitive and needs consistent and responsive decisions if the Council is going to be successful in managing assets in this environment. It is therefore proposed that a Property Investment Advisory Panel (PIAP) is established to act as an advisory body for these initial decisions. The CIPFA Prudential Code requires that Panel members and officers are competent to take decisions to acquire, hold and dispose of land and buildings, and must have sufficient competence to understand and evaluate the advice that they are given. Consequently, appropriate internal and external training will be given to the PIAP so that they can ensure that decisions fall within the CIPFA Prudential Code, the Council's Corporate Strategy, and are based upon the approved investment matrix (see Annex 2). PIAP will then report their recommendations

to Cabinet or Full Council in line with current governance, along with appropriate due diligence to support decision-making. PIAP will be made up of:

Members

- Leader or Deputy Leader of the Council
- Cabinet Member with responsibility for Finance & Property (if this role is separated, both Members are to attend)
- Leader of the Opposition

Officers

- Chief Executive
- Senior Officer with responsibility for Finance (Section 151 Officer)
- Corporate Director for Commercial Development, Assets and Investment
- Monitoring Officer

The primary purposes of PIAP would be two-fold:

- To consider recommendations from Officers regarding the potential purchase of a property asset, prior to submission of a bid. This would include consideration of the associated risk and yield, and the investment evaluation based on the criteria set out. The ultimate consideration would be whether to submit a bid or not, and at what value.
- To consider the results of the due diligence process, (following acceptance of an offer from Council to purchase an asset), with the ultimate consideration of whether to endorse the purchase and proceed to exchange of contracts.

In the exceptional situation that a decision is required outside of the established protocol, an urgent decision can be taken by the Leader and S151 Officer in consultation with PIAP and the Portfolio Holder for Property and reported to the next available meeting of Cabinet. Where a decision is not time-bound they will go via current governance arrangements and be approved by Cabinet or Full Council as required. On approval of this investment strategy the Financial Regulations will be updated to include the delegated authorities set out above.

Implementation Plan

Although the Property Investment Strategy will enable the Council to respond to opportunities as they arise, there is also a need to continue to develop a programme of planned investment projects linked particularly to Type A investments. Following adoption of this strategy there will likely be a need to resource and forward fund elements of this work. There are also key interdependencies with the evolving Property Strategy that will need to be worked through in order to align activities that impact staff and operational sites.

Annex 1

Management of Investment Portfolio

The Investment portfolio is managed in-house by the Property Investment Manager, reporting to the Director for Property, Investment & FM, and the Head of Estates.

The portfolio is managed in two distinct parts, dealing with Investment and Regeneration opportunities separately:

1. Investment Opportunities – Category A & D properties that meet the criteria as set out in the approved investment matrix (See Annex 2) and deliver a financial return to the Council.
2. Regeneration Opportunities – Category B properties that deliver primarily regeneration benefits to the area.

As the Property Investment Portfolio grows in size and the number of property transactions per annum increases, it may be necessary in time, to agree in consultation with the Head of Legal Services, the appointment of a suitable Firm/s of solicitors to provide investment property acquisition services. In addition, it will be necessary to agree with the Head of Procurement the method of payments of Investment Agent introductory fees for Category B & D properties.

Annex 2

Commercial Investment Property Scoring Matrix

Scoring Criteria	Score	4	3	2	1	0	Initial Unweighted Score	Weighted Score
	Weighting Factor	EXCELLENT/ VERY GOOD	GOOD	ACCEPTABLE	MARGINAL	UNACCEPTABLE		
Location - In County / Adjacent to County	20.0	Prime	Good	Secondary	Tertiary	Remote		0
Tenure	15.0	Freehold	150+ year unexpired with no landlord controls	150+ year unexpired with minimal landlord controls	Lease under 150 years	Lease under 100 years		0
Tenancy	10.0	Single tenant with strong financial covenant	Multiple tenants with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with average financial covenants	Tenants with poor financial covenant strength		0
WAULT (Weighted Average Unexpired Lease Term)	10.0	20 years +	15 years +	10 years +	5 years +	Less than 5 years		0
Repairing Liability	5.0	FRI and/or Recoverable via Service Charge	75% + of leases on FRI	50% + of leases on FRI	Internal repairing in good condition, Cap Ex required	Internal Repairing in poor condition, Cap Ex required		0
Rental Analysis	15.0	Significantly under rented (excellent prospects for future rental growth)	Under rented (good prospects for future rental growth)	Rack rented (limited prospects for rental growth)	Rents will fall on lease expiry within 5-10 years	Rents will fall on lease expiry within 3-5 years		0
Capital Value Analysis	15.0	Excellent prospects for future capital growth	Good prospects for future capital growth	Future capital growth likely to be in line with average market returns	Future Capital growth likely to underperform average market returns	Poor prospects for future capital growth		0
Management Resources	10.0	Minimum. Single tenant	Minimum. Fully let, no more than 3 tenants	Active. Value Add Opportunity	Active. Well managed to date	Active. Historical lack of management		0
(Max score = 400, min acceptable score =200)								0
							Percentage score of max (anything over 50% is deemed acceptable providing minimum yields are met)	0%

Annex 3

Active Investment / Development Projects

1) Active Investment / Development projects

Property	Site Area
Aston, North Farmhouse	N/A
Benson, Watlington Road	N/A
Bicester, Little Wretchwick Farm	N/A
Chipping Norton, Strategic Development Area (inc Tank Farm and residual land at Rockhill Farm)	36ha
Eynsham Garden Village (Evenlode Farm)	28ha
Eynsham West, (Litchfield Farm)	15.55ha
Faringdon, Youth Centre and Highway Depot to rear	0.29ha
Kidlington, The Moors, Former May's Builders Yard	0.29ha
Oxford, Former Blackbird Leys Pool	N/A
Oxford, Land at Iffley Mead (adjoining Iffley Academy)	2.04ha
Oxford, Lanham Way (former depot site)	0.32ha
Oxford, Northfield Hostel	0.70ha
Fritwell, Land at Fewcott Road	0.32 ha
Henley, Bridleway adjoining Gillotts School	N/A
Oxford, Lakefield Road, Littlemore	0.44ha
Oxford, Speedwell House	N/A
Stanford-in-the-Vale, Stanford Quarry, adjacent to A417 & B4508	19.57ha
Wheatley, Access Route to Oxford Brookes University	N/A
Woodstock, Former Library	

2) For Information purposes only – a list of operational properties that are currently being considered for alternative investment purposes

Property	Site Area
Oxford, Rewley Road Fire Station	N/A
Oxford, County Hall	N/A

Oxfordshire County Council Property Strategy

This strategy sets out our approach to property assets and will guide our priorities for managing and developing our estate over the next 5 years. It has been informed by our Strategic Asset Management Plan 2017-22 which provides the wider context to our approach to our estate.

The purpose of this strategy is to facilitate delivery of the council's corporate plan, Thriving Communities. It is an enabling strategy and sits alongside our workforce, IT and digital strategies to support the delivery of high-quality, accessible and modern public services for the people of Oxfordshire.

Our ambition is: ***To create an efficient, innovative and accessible property estate. One that supports the delivery of council services, delivers climate action objectives, maximises value and exploits opportunities to work with partners.***

This means that we are working to create an agile service delivery model and workforce. Where our services are not bound to buildings and set locations but are accessible remotely and digitally. Where needed we will deliver face to face services in local spaces, places and community venues, in customers' homes and through working in partnership with suppliers, partners and the community and voluntary sector and their bases too. Our property strategy and estate will facilitate this.

We will work hard to minimise journeys, not assuming that customers and colleagues should travel into Oxford City Centre and that the county council should have access and visibility at locations spread across the county.

Our places of work will be welcoming and safe spaces for people to work in flexible ways, accessing the right office and IT equipment. We will also need to create flexible, collaborative spaces for teams, partners and suppliers to come together for planning and development activities.

We understand that some teams will need dedicated spaces to deliver services. Where this is the case, we will seek to develop hybrid approaches that enable a combination of buildings based and flexible/agile delivery.

We are an accountable public body and as such our democratic and decision-making processes need to reflect these principles. We will develop an estate that enables a combination of local meetings, virtual public meetings and more traditional council chamber-based meetings with public broadcast to ensure our democracy reflects, enhances and supports our agile delivery model.

There is much uncertainty over the future but lessons learnt from Covid-19 and its consequential impact upon our needs brings an immediate opportunity to review our estate and accelerate change in how services are delivered the spaces they require.

Our estate is comprised of three categories, and each of these categories has a broad objective:

Operational	Community	Investment
<p>Assets used for service delivery (e.g. libraries, fire stations, offices)</p> <p>Objective: to support modern service delivery cost effectively and safely</p>	<p>Assets used for non-operational purposes (e.g. pre school, playing fields or parish council).</p> <p>Objective: to support policy objectives such as community use whilst generating the best possible returns</p>	<p>Assets retained for investment purposes (e.g. farms, land for development)</p> <p>Objective: these assets are managed to protect the long-term interests of Oxfordshire and maximise value</p>

Our operational property portfolio can be split into two broad categories which are within the scope of this strategy.

Service delivery – buildings/sites which facilitate all of our statutory and other front-line services such as community support service centres, children & family centres, libraries, fire stations, depots etc. Some back-office accommodation provision is also included within these buildings/sites too.

Support services – buildings which facilitate all our back office/support related services such as HR, ICT, finance, planning etc. The majority of our workforce are currently based in these buildings.

The approach to operational buildings that are deemed surplus to requirements will be dealt with via the Investment Strategy along with all community and investment assets.

Our objectives

The key strategic objectives of this strategy are to -

- ***Support excellent service delivery for the community***
 - Provide the right property, in the right place, to meet operational service needs

- ***Support and empower a more agile organisation***
 - Reduce reliance on desk dominated offices and invest to develop great workplaces – accessible, modern, innovative shared workspaces based on future working principles and in line with our Digital offering i.e. hot desking, collaborative meeting spaces etc

- ***Deliver Climate Action priorities***
 - Ensure our corporate Climate Action objectives which include making our corporate estate carbon neutral by 2030 are met
- ***Achieve more value from our assets***
 - Further rationalise our estate to reduce overall cost
 - Prioritise utilisation of freehold assets for front and back office delivery
 - Maximise the value of assets not required for operational purposes to be delivered through the council's Investment Strategy

Our approach

In delivering these objectives we will apply the following principles in our approach,

1. Embed Climate Action objectives in all decision-making when reshaping the operational estate e.g. minimise travel and use of inefficient buildings
2. Invest to develop great workplaces - modern, innovative shared workspaces situated close to transport links to adapt to more agile working principles and in line with our IT & Digital offering i.e. hot desking, collaborative meeting spaces etc
3. Challenge old ways of working and embrace modern and innovative approaches, including improving customer access and experience.
4. Generate income and ensure the best return for Oxfordshire through the use and development of our estate.
5. Where necessary, where an asset does not contribute to our strategic outcomes we will dispose of and create a capital receipt.
6. Work with partners (including through One Public Estate) to maximise shared opportunities including co-location
7. Encourage/establish a smaller presence in all key localities, instead of a single 'big HQ' approach
8. Review and consider leasehold property so we reduce our rental expenditure

PUPIL PLACES CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								Capital Investment Total (excluding previous years) £'000s	Future Capital Investment Total (excluding previous and current years) £'000s
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost			
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s			
Provision of School Places (Basic Need)											
Existing Demographic Pupil Provision (Basic Needs Programme)	1,353	1,350	8,488	13,391	13,501	8,000	68,114	114,197	112,844	111,494	
11/12 - 19/20 Basic Need Programme Completions	0	0	0	0	0	0	172	172	172	172	
Marcham - Expansion to 1FE (ED882)	841	750	78	0	0	0	0	1,669	828	78	
John Blandy - Expansion to 1.5FE (ED887)	1,219	1,725	174	0	0	0	0	3,118	1,899	174	
Cholsey - Expansion to 2FE (ED911)	370	1,700	125	0	0	0	24	2,219	1,849	149	
Chesterton - Expansion to 1FE (ED898)	437	1,350	300	0	0	0	36	2,123	1,686	336	
West Witney - Expansion to 2FE (ED889)	1,388	2,150	25	0	0	0	18	3,581	2,193	43	
Benson - Expansion to 1.5FE (ED914)	681	1,350	200	0	0	0	11	2,242	1,561	211	

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Longworth - Expansion to 0.5FE (ED921)	165	350	35	0	0	0	50	600	435	85
Burford - Expansion to AN20 (ED925)	7	375	25	0	0	0	13	420	413	38
St Blaise - Expansion to 1FE (ED860)	363	2,200	1,000	327	0	0	0	3,890	3,527	1,327
St Andrew's, Chinnor - Expansion to 2FE (ED920)	274	800	400	73	0	0	0	1,547	1,273	473
Five Acres - Repl Temporary Accommodation (ED912)	219	800	300	38	0	0	0	1,357	1,138	338
Manor, Long Hanborough - Expansion to 1.5FE (ED909)	266	1,300	1,550	464	0	0	0	3,580	3,314	2,014
Bardwell - Expansion (ED935)	43	450	800	207	0	0	0	1,500	1,457	1,007
Wallingford - Expansion by 2FE (ED896)	336	1,100	4,500	500	499	0	0	6,935	6,599	5,499
Provision of School Places Total	7,962	17,750	18,000	15,000	14,000	8,000	68,438	149,150	141,188	123,438
Growth Portfolio - New Schools										
Bicester, South West (Whitelands) - Secondary (ED880)	8,951	5,500	25	0	0	0	1,524	16,000	7,049	1,549

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								Capital Investment Total (excluding previous years) £'000s	Future Capital Investment Total (excluding previous and current years) £'000s
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost			
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s			
Oxford, Barton Park - 1.5FE Primary School (ED868)	4,787	3,900	25	0	0	0	88	8,800	4,013	113	
Banbury, Southam Road (Cherry Fields) - 1FE Primary School (ED907)	3,757	3,000	25	0	0	0	198	6,980	3,223	223	
North East Wantage, Crab Hill: GEMS, Wantage - 2FE Primary School (ED918).	89	350	25	0	0	0	236	700	611	261	
West Witney, Curbridge (Windrush) - 1.5FE Primary School (ED927)	56	50	400	194	0	0	0	700	644	594	
Bicester, Graven Hill - 2FE Primary School (ED919)	80	50	50	350	470	0	0	1,000	920	870	
Northfield Special School - Replacement & Expansion (ED940)	594	8,000	3,700	506	0	0	0	12,800	12,206	4,206	
Wallingford - 2FE Primary School (ED930)	5	50	200	300	5,500	2,000	665	8,720	8,715	8,665	
Faringdon - 2FE Primary School (ED943)	17	900	6,000	3,800	163	0	0	10,880	10,863	9,963	
NE Didcot - 2FE Primary Schol (ED929)	2	100	500	8,000	3,900	358	0	12,860	12,858	12,758	

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Shrivenham - 1.5FE Primary School (ED945)	16	50	700	2,800	4,500	1,534	0	9,600	9,584	9,534
Grove Airfield - 2FE Primary School (ED963)	0	100	125	400	2,000	475	0	3,100	3,100	3,000
Grove Airfield - Secondary School (ED965)	0	0	200	200	200	19,400	0	20,000	20,000	20,000
Project Development Budget	7	0	0	100	100	100	81	388	381	381
New School Programme Completions	0	100	0	0	0	0	453	553	553	453
Growth Portfolio Total	18,361	22,150	11,975	16,650	16,833	23,867	3,245	113,081	94,720	72,570
Annual Programmes										
Schools Access Initiative	0	300	250	250	200	200	1,200	2,400	2,400	2,100
Temporary Classrooms - Replacement & Removal	0	300	250	250	200	200	1,050	2,250	2,250	1,950
School Structural Maintenance (inc Health & Safety)	0	3,585	2,800	1,500	1,350	1,300	5,968	16,503	16,503	12,918
Annual Programme Total	0	4,185	3,300	2,000	1,750	1,700	8,218	21,153	21,153	16,968

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Early Years Programmes Capacity Building - Early Yrs Entitlement	3,004	250	250	250	250	250	1,005	5,259	2,255	2,005
Early Years Programme Total	3,004	250	250	250	250	250	1,005	5,259	2,255	2,005
Retentions Total	1,379	220	227	0	0	0	288	2,114	732	512
PUPIL PLACES CAPITAL PROGRAMME EXPENDITURE TOTAL	30,706	44,555	33,752	33,900	32,833	33,817	81,194	290,757	260,051	215,496

MAJOR INFRASTRUCTURE CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast									
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)	
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
HIF1											
HIF1 A4130 Dualing	239	1,400	1,400	2,100	14,100	4,127	0	23,366	23,127	21,727	
HIF1 Didcot Science Bridge	292	1,600	4,900	4,000	29,000	18,702	0	58,494	58,202	56,602	
HIF1 Culham river crossing	297	2,000	11,500	10,000	66,000	38,238	0	128,035	127,738	125,738	
HIF1 Clifton Hampden bypass	256	1,600	1,500	4,500	17,500	2,622	0	27,978	27,722	26,122	
HIF1 DGT OBC development	549	0	0	0	0	0	0	549	0	0	
HIF1 LOCALITY PROGRAMME TOTAL	1,633	6,600	19,300	20,600	126,600	63,689	0	238,422	236,789	230,189	
HIF2 & A40											
A40 Oxford North (N G'way)	300	1,500	6,200	440	0	0	0	8,440	8,140	6,640	
Oxford Science Transit Phase 2 - A40 Public Transport improvements	4,198	1,400	4,000	14,600	18,750	8,304	0	51,252	47,054	45,654	
HIF2 West Oxon A40 Smart Corridor	455	3,500	15,000	27,000	50,000	6,045	0	102,000	101,545	98,045	
Access to Witney - Shores Green	0	0	500	3,400	3,305	0	0	7,205	7,205	7,205	
B4044 Strategic Cycle Improvement (Development Budget)	29	100	200	41	0	0	0	370	341	241	

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Salt Cross to Eynhsam Underpass (Development Budget)	0	0	250	0	0	0	0	250	250	250
HIF2 & A40 LOCALITY PROGRAMME TOTAL	4,982	6,500	26,150	45,481	72,055	14,349	0	169,517	164,535	158,035
BANBURY & BICESTER										
NW Bicester A4095 Underbridge & Underpass	258	4,500	7,500	2,222	0	0	0	14,480	14,222	9,722
NW Bicester A4095 Road Realignment	0	250	4,750	14,500	500	0	0	20,000	20,000	19,750
NW Bicester A4095 Road Roundabout Improvements	0	300	5,000	200	0	0	0	5,500	5,500	5,200
M40 J10 Improvements	0	500	850	17,000	310	0	0	18,660	18,660	18,160
Access to Banbury North: A422 Hennef Way (Development Budget)	0	170	1,000	0	0	0	0	1,170	1,170	1,000
Ploughley Rd / A41 Junction Improvements, Bicester	0	150	3,000	650	0	0	0	3,800	3,800	3,650
Tramway Rd, Accessibility Improvements	0	200	1,000	2,100	410	0	0	3,710	3,710	3,510
A361 Road Safety Improvements	4,284	800	29	0	0	0	0	5,113	829	29
Bicester Perimeter Road (Development Budget)	0	250	250	500	0	0	0	1,000	1,000	750

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Farmfield Road / Oxford Road - Junction Improvement (Development Budget)	0	50	100	30	0	0	0	180	180	130
London Road, Bicester: Cycle Improvements	0	25	425	102	0	0	0	552	552	527
BANBURY & BICESTER LOCALITY PROGRAMME TOTAL	4,542	7,195	23,904	37,304	1,220	0	0	74,165	69,623	62,428
OXFORD										
Eastern Arc Phase 1 Access to Headington	15,330	1,723	0	0	0	0	0	17,053	1,723	0
Oxford, Botley Rd	1,374	3,000	3,300	1,426	0	0	0	9,100	7,726	4,726
Oxpens to Osney Mead Cycle	5,900	100	0	0	0	0	0	6,000	100	0
Oxford Quiet Connector Cycling & Walking Routes	1,021	80	1,000	820	0	0	0	2,921	1,900	1,820
Banbury Rd Improvements (Banbury Rd Corridor)	0	150	3,000	8,000	910	0	0	12,060	12,060	11,910
Woodstock Rd Improvements (Woodstock Rd Corridor)	0	150	3,250	8,500	600	0	0	12,500	12,500	12,350
Connecting Oxford (Development Budget)	0	400	1,000	330	0	0	0	1,730	1,730	1,330
A44 Corridor Improvements (Peartree & Cassington Roundabouts)	0	1,000	10,000	3,100	430	0	0	14,530	14,530	13,530

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
North Oxford Corridors - Kidlington	0	0	0	3,000	3,000	0	0	6,000	6,000	6,000
Riverside routes to Oxford city centre	2,169	500	800	562	0	0	0	4,031	1,862	1,362
Old Greyfriars School signal change	2	15	8	0	0	0	0	25	23	8
Active Travel Phase 2	0	1,225	2,800	605	0	0	0	4,630	4,630	3,405
Walton Street	0	0	100	50	0	0	0	150	150	150
Oxford Zero Emission Zone	0	0	100	500	500	175	0	1,275	1,275	1,275
Oxford Controlled Parking Zones	0	0	100	500	500	235	0	1,335	1,335	1,335
OXFORD LOCALITY PROGRAMME TOTAL	25,796	8,343	25,458	27,393	5,940	410	0	93,340	67,544	59,201
COUNTYWIDE										
Watlington Relief Rd	5	150	500	6,300	5,545	0	0	12,500	12,495	12,345
Benson Relief Rd	44	250	700	700	106	0	0	1,800	1,756	1,506
Milton Heights Bridge	6	100	200	2,200	74	0	0	2,580	2,574	2,474
Wantage Eastern Link Rd (Phase 1-2 Contribution, P3)	17	50	900	5,700	1,407	0	0	8,074	8,057	8,007

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						Total Scheme Cost £'000s	Capital Investment Total (excluding previous years) £'000s	Future Capital Investment Total (excluding previous and current years) £'000s
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31			
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s			
Frilford Junction & Relief to Marcham (Development Budget)	0	100	300	400	700	1,200	0	2,700	2,700	2,600
Relief to Rowstock	0	250	750	700	5,000	3,000	1,200	10,900	10,900	10,650
Science Vale Cycle Network Improvements	1,346	4,400	100	4	0	0	0	5,850	4,504	104
Didcot Northern Perimeter Road 3 (Development Budget)	537	50	150	13	0	0	0	750	213	163
A34 Lodge Hill Slips	965	500	2,000	10,000	2,344	0	0	15,809	14,844	14,344
Golden Balls Roundabout A4074/B4015 (Development Budget)	0	0	400	600	0	0	0	1,000	1,000	1,000
Didcot Garden Town: Corridor & Jubilee Way (Development Budget)	0	0	350	650	0	0	0	1,000	1,000	1,000
A40 Minster Lovell, Access to Carterton (Development Budget)	0	0	0	0	590	0	0	590	590	590
Carterton Crossroads Improvements	0	25	275	100	0	0	0	400	400	375
A4130 Widening (Steventon Lights to Milton Interchange)	0	0	200	500	1,100	200	0	2,000	2,000	2,000
Science Vale Cycle Network Phase 2 (Development Budget)	0	0	100	400	500	0	0	1,000	1,000	1,000
Abingdon LCWIP	0	0	100	400	500	0	0	1,000	1,000	1,000

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
COUNTYWIDE LOCALITY PROGRAMME TOTAL	2,920	5,875	7,025	28,667	17,866	4,400	1,200	67,953	65,033	59,158
COUNTYWIDE AND OTHER										
East-West Rail (contribution)	80	737	737	737	737	737	7,290	11,055	10,975	10,238
City Deal, Pinch Point, Local Growth Programmes - Completed Schemes	0	1,129	1,000	0	0	0	1,027	3,156	3,156	2,027
Completed schemes	0	157	50	0	0	0	55	262	262	105
COUNTYWIDE AND OTHER INTEGRATED TRANSPORT TOTAL	80	2,023	1,787	737	737	737	8,372	14,473	14,393	12,370
MAJOR INFRASTRUCTURE CAPITAL PROGRAMME EXPENDITURE TOTAL	39,953	36,536	103,624	160,182	224,418	83,585	9,572	657,870	617,917	581,381

HIGHWAYS ASSET MANAGEMENT PLAN CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast									
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)	
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
STRUCTURAL MAINTENANCE PROGRAMME											
Carriageways	0	7,186	7,025	8,609	9,206	3,967	22,860	58,853	58,853	51,667	
Surface Treatments	0	5,651	7,150	5,313	4,720	2,421	14,430	39,685	39,685	34,034	
Structural Highway Improvements	0	8,761	8,320	5,828	5,766	3,111	18,332	50,118	50,118	41,357	
Footways/cycleways	0	852	1,000	1,000	1,200	426	2,548	7,026	7,026	6,174	
Drainage	0	1,480	1,800	1,800	2,000	750	4,499	12,329	12,329	10,849	
Bridges	0	2,325	2,300	3,100	5,000	1,398	8,611	22,734	22,734	20,409	
Public Rights of Way Foot Bridges	0	225	225	300	350	123	757	1,980	1,980	1,755	
Electrical	0	1,512	1,309	1,327	1,427	624	2,813	9,012	9,012	7,500	
Section 42 contributions	0	1,700	1,700	1,700	1,700	762	4,471	12,033	12,033	10,333	
Safety Fences	0	0	75	75	750	101	597	1,598	1,598	1,598	
Minor Works	0	430	430	430	430	193	1,159	3,072	3,072	2,642	
STRUCTURAL MAINTENANCE ANNUAL PROGRAMMES TOTAL	0	30,122	31,334	29,482	32,549	13,876	81,077	218,440	218,440	188,318	

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast									
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)	
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
IMPROVEMENT PROGRAMMES											
Accessibility & Road Safety Schemes	0	1,453	2,000	2,000	2,000	2,000	0	9,453	9,453	8,000	
Bus Journey Time Reliability	0	1,000	1,000	1,000	1,000	1,000	0	5,000	5,000	4,000	
IMPROVEMENT PROGRAMMES TOTAL	0	2,453	3,000	3,000	3,000	3,000	0	14,453	14,453	12,000	
Major schemes and other programme											
Street Lighting LED replacement	1,326	7,800	11,400	12,105	8,182	0	0	40,813	39,487	31,687	
Tetsworth Embankment Works	265	2,253	105	0	0	0	0	2,623	2,358	105	
Oxford Rd, Banbury	0	976	126	0	0	0	0	1,102	1,102	126	
Kennington Railway Bridge	2,509	685	90	0	0	0	0	3,284	775	90	
Kennington Railway Bridge	0	2,000	11,000	14,000	14,000	12,000	0	53,000	53,000	51,000	
Covid Emergency Active Travel Fund	0	335	0	0	0	0	0	335	335	0	
Network Rail Electrification Bridge Betterment Programme	499	250	1,310	207	0	0	0	2,266	1,767	1,517	
Completed Major Schemes	0	163	9	0	0	0	635	807	807	644	
STRUCTURAL MAINTENANCE MAJOR SCHEMES TOTAL	4,599	14,462	24,040	26,312	22,182	12,000	635	104,230	99,631	85,169	

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast							Total Scheme Cost £'000s	Capital Investment Total (excluding previous years) £'000s	Future Capital Investment Total (excluding previous and current years) £'000s
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31				
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s				
OTHER MAINTENANCE PROGRAMMES/PROJECTS											
Small schemes (developer and other funded)	0	1,000	800	800	800	800	1,104	5,304	5,304	4,304	
Completed small developer-funded schemes	0	0	0	0	0	0	32	32	32	32	
Tiddlington A418 (HS2)	0	150	0	0	0	0	0	150	150	0	
Wardington A361 (HS2)	0	20	0	0	0	0	0	20	20	0	
OTHER MAINTENANCE PROGRAMMES/PROJECTS TOTAL	0	1,170	800	800	800	800	1,136	5,506	5,506	4,336	
HIGHWAYS ASSET MANAGEMENT PLAN CAPITAL PROGRAMME EXPENDITURE TOTAL	4,599	48,207	59,174	59,594	58,531	29,676	82,848	342,629	338,030	289,823	

PROPERTY & ESTATES, AND INVESTMENT STRATEGY CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
CORPORATE ESTATE PROGRAMME										
Fire Review Development Budget	0	100	750	2,000	448	0	0	3,298	3,298	3,198
Relocation of Rewley Training Facility	0	0	50	550	0	0	0	600	600	600
Bicester Library (CS13)	710	250	250	240	0	0	0	1,450	740	490
Westgate Library - Redevelopment	3,141	235	224	0	0	0	0	3,600	459	224
Barton Library Access (CS20)	49	40	0	0	0	0	0	89	40	0
Adult Social Care Programme	561	0	0	0	0	0	3,689	4,250	3,689	3,689
Re-provision of Maltfield (ED932)	17	250	1,500	1,233	0	0	0	3,000	2,983	2,733
Blackbird Leys Regeneration (Relocate Library)	0	0	50	50	850	50	0	1,000	1,000	1,000
Didcot Library & Community Hub (CS19)	28	0	50	850	672	0	0	1,600	1,572	1,572
New Salt Store & Accommodation (R20)	2,044	200	2,000	711	0	0	0	4,955	2,911	2,711

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Drayton Depot	0	50	750	200	0	0	0	1,000	1,000	950
CORPORATE ESTATE PROGRAMME TOTAL	6,550	1,125	5,624	5,834	1,970	50	3,689	24,842	18,292	17,167
CLIAMTE ACTION PROGRAMME										
SALIX Energy Programme	0	100	150	150	150	180	0	730	730	630
Electric Vehicles Charging Infrastructure	76	20	14	0	0	0	0	110	34	14
One-Fleet EV Charging Point	0	100	100	100	100	0	0	400	400	300
Climate Action Recycling Fund	0	100	400	500	500	500	500	2,500	2,500	2,400
CLIAMTE ACTION PROGRAMME TOTAL	76	320	664	750	750	680	500	3,740	3,664	3,344
STRUCTURAL MAINTENANCE (Non-School) PROGRAMMES										
Minor Works Programme	0	760	250	250	250	250	1,650	3,410	3,410	2,650
F&RS - Replacement Fire Doors	103	97	0	0	0	0	0	200	97	0
Health & Safety (Non-Schools)	74	75	75	100	100	100	617	1,141	1,067	992
Defect Liability Programme	1,919	6,000	3,000	4,081	0	0	0	15,000	13,081	7,081

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Corporate Structural Maintenance 2020-22	0	750	750	750	750	0	0	3,000	3,000	2,250
Asset Condition Programme	0	0	1,000	3,000	1,000	0	0	5,000	5,000	5,000
STRUCTURAL MAINTENANCE PROGRAMMES TOTAL	2,096	7,682	5,075	8,181	2,100	350	2,267	27,751	25,655	17,973
INVESTMENT STRATEGY										
Investment Strategy	0	250	1,000	5,000	5,500	3,000	1,950	16,700	16,700	16,450
Purchase of Land	118	0	0	0	0	0	5,582	5,700	5,582	5,582
INVESTMENT STRATEGY PROGRAMME TOTAL	118	250	1,000	5,000	5,500	3,000	7,532	22,400	22,282	22,032
WASTE MANAGEMENT PROGRAMME										
Waste Recycling Centre Infrastructure Programme	96	250	232	0	0	0	0	578	482	232
WASTE MANAGEMENT PROGRAMME TOTAL	96	250	232	0	0	0	0	578	482	232
Retentions (completed schemes)	0	0	0	0	0	0	250	250	250	250
PROPERTY & ESTATES, AND INVESTMENT STRATEGY CAPITAL PROGRAMME EXPENDITURE TOTAL	8,936	9,627	12,595	19,765	10,320	4,080	14,238	79,561	70,625	60,998

ICT STRATEGY CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						Total Scheme Cost £'000s	Capital Investment Total (excluding previous years) £'000s	Future Capital Investment Total (excluding previous and current years) £'000s
		2020 / 21 £'000s	2021 / 22 £'000s	2022 / 23 £'000s	2023 / 24 £'000s	2024 / 25 £'000s	up to 2030 / 31 £'000s			
ICT STRATEGY PROGRAMME										
Children Services - ICT (Phase 1&2)	147	1,000	1,890	300	0	0	0	3,337	3,190	2,190
Better Broadband For Oxfordshire (BBFO)	0	25	1,898	0	0	0	0	1,923	1,923	1,898
Broadband for Businesses in Rural Oxfordshire (BiRO)	0	1,789	4,525	0	0	0	0	6,314	6,314	4,525
Digital Infrastructure	2,086	2,900	2,225	2,125	1,325	1,325	5,894	17,880	15,794	12,894
ICT STRATEGY PROGRAMME EXPENDITURE TOTAL	2,233	5,714	10,538	2,425	1,325	1,325	5,894	29,454	27,221	21,507

PASSPORTED FUNDING CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast						Total Scheme Cost £'000s	Capital Investment Total (excluding previous years) £'000s	Future Capital Investment Total (excluding previous and current years) £'000s
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31			
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s			
THIRD PARTY GROWTH & HOUSING DEAL										
Local Growth Fund										
Smart Oxford Culham City	1,525	1,255	0	0	0	0	0	2,780	1,255	0
LGF3 Prodrive	500	0	0	0	0	0	0	500	0	0
LGF3 Earth Lab	209	1,281	0	0	0	0	0	1,490	1,281	0
Osney Mead Innovation	4,548	1,652	0	0	0	0	0	6,200	1,652	0
Univ of Oxford Plant Science	0	2,100	0	0	0	0	0	2,100	2,100	0
Advance Digital & Science Centre - Henley College	0	500	0	0	0	0	0	500	500	0
COVID 19 Resilience Fund	0	504	0	0	0	0	0	504	504	0
Construction Skills Academy - Abingdon & Witney	0	935	0	0	0	0	0	935	935	0
LGF - Remaining Projects	0	1,280	4,000	0	0	0	0	5,280	5,280	4,000
Getting Building Fund	0	1,000	7,400	0	0	0	0	8,400	8,400	7,400
Housing Deal										
Housing	8,980	11,000	40,020	0	0	0	0	60,000	51,020	40,020
THIRD PARTY GROWTH & HOUSING DEAL TOTAL	15,765	21,507	51,417	0	0	0	0	88,689	72,924	51,417

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
PASSPORTED FUNDING										
Disabled Facilities Grant Disabled Facilities Grant	0	6,658	5,868	0	0	0	0	12,526	12,526	5,868
Public Health PHE Wayfinding Grant	0	52	0	0	0	0	0	52	52	0
Schools Capital Devolved Formula Capital	0	800	750	700	650	600	1,200	4,700	4,700	3,900
PASSPORTED FUNDING TOTAL	0	7,510	6,618	700	650	600	1,200	17,278	17,278	9,768
SPECIALIST HOUSING & FINANCIAL ASSISTANCE										
ECH - New Schemes & Adaptations to Existing Properties	0	250	250	550	250	250	2,000	3,550	3,550	3,300
Deferred Interest Loans (CSDP)	0	50	50	50	50	50	159	409	409	359
Loans to Foster/Adoptive Parents	0	50	50	50	50	50	101	351	351	301
SPECIALIST HOUSING & FINANCIAL ASSISTANCE TOTAL	0	350	350	650	350	350	2,260	4,310	4,310	3,960
PASSPORT FUNDING PROGRAMME EXPENDITURE TOTAL	15,765	29,367	58,385	1,350	1,000	950	3,460	110,277	94,512	65,145

VEHICLES & EQUIPMENT CAPITAL PROGRAMME

Project/ Programme Name	Previous Years Actual Expenditure £'000s	Latest Forecast								
		2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	Total Scheme Cost	Capital Investment Total (excluding previous years)	Future Capital Investment Total (excluding previous and current years)
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Vehicles & Equipment										
Fire Equipment (SC112)	0	0	103	0	0	0	0	103	103	103
Fire Protective Equipment	0	50	600	0	0	0	0	650	650	600
F&RS Vehicles replacement	0	0	800	800	800	800	4,800	8,000	8,000	8,000
RFID Kiosk Replacement	0	0	100	450	50	0	0	600	600	600
VEHICLES & EQUIPMENT CAPITAL PROGRAMME EXPENDITURE TOTAL	0	50	1,603	1,250	850	800	4,800	9,353	9,353	9,303

Section 5.5

Updated Capital Programme 2020/21 to 2030/31

Strategy/Programme	Capital Investment Programme (latest forecast)						CAPITAL INVESTMENT TOTAL £'000s
	Current Year 2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Pupil Places	44,555	33,752	33,900	32,833	33,817	81,194	260,051
Major Infrastructure	36,536	103,624	160,182	224,418	83,585	9,572	617,917
Highways Asset Management Plan	48,207	59,174	59,594	58,531	29,676	82,848	338,030
Property & Estates, and Investment Strategy	9,627	12,595	19,765	10,320	4,080	14,238	70,625
ICT	5,714	10,538	2,425	1,325	1,325	5,894	27,221
Passport Funding	29,367	58,385	1,350	1,000	950	3,460	94,512
Vehicles & Equipment	50	1,603	1,250	850	800	4,800	9,353
TOTAL ESTIMATED CAPITAL PROGRAMME EXPENDITURE	174,056	279,671	278,466	329,277	154,233	202,006	1,417,709
Earmarked Reserves	0	0	719	9,156	10,750	28,179	48,804
TOTAL ESTIMATED CAPITAL PROGRAMME	174,056	279,671	279,185	338,433	164,983	230,185	1,466,513
TOTAL ESTIMATED PROGRAMME IN-YEAR RESOURCES	157,997	279,016	216,886	343,204	155,171	220,567	1,372,841
In-Year Shortfall (-) / Surplus (+)	-16,059	-655	-62,299	4,771	-9,812	-9,618	-93,672
Cumulative Shortfall (-) / Surplus (+)	93,672	77,613	76,958	14,659	19,430	9,618	0

SOURCES OF FUNDING	2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25	up to 2030 / 31	CAPITAL RESOURCES TOTAL
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
SCE(C) Formulaic Capital Allocations - Un-ringfenced Grant	112,335	99,886	78,333	19,859	23,391	130,250	464,054
Devolved Formula Capital- Grant	800	750	700	650	600	1,200	4,700
Prudential Borrowing	1,871	80,665	56,285	72,587	5,125	9,750	226,283
Grants	24,200	68,693	68,709	191,623	65,042	969	419,236
Developer Contributions	34,020	28,418	36,879	40,961	54,446	40,343	235,067
District Council Contributions	226	0	0	0	0	0	226
Other External Funding Contributions	12	309	3	803	758	665	2,550
Revenue Contributions	564	950	950	11,950	980	7,300	22,694
Schools Contributions	28	0	0	0	0	0	28
Use of Capital Receipts	0	0	34,224	0	9,600	30,090	73,914
Use of Capital Reserves	0	0	3,102	0	5,041	9,618	17,761
TOTAL ESTIMATED PROGRAMME RESOURCES UTILISED	174,056	279,671	279,185	338,433	164,983	230,185	1,466,513
TOTAL ESTIMATED IN YEAR RESOURCES AVAILABLE	157,997	279,016	216,886	343,204	155,171	220,567	1,372,841
Capital Grants Reserve C/Fwd	51,464	33,788	28,333	0	1,891	0	0
Usable Capital Receipts C/Fwd	24,144	26,064	30,864	0	2,880	0	0
Capital Reserve C/Fwd	18,064	17,761	17,761	14,659	14,659	9,618	0

Section 5.6

**CAPITAL INVESTMENT PLANNING 2021/22 - 2030/31
CHANGES TO EXISTING CAPITAL PROGRAMME**

Strategy - Capital Investment Need	Firm	Pipeline	Total
	£'000	£'000	£'000
Pupil Places			
Basic Need		8,460	8,460
SSMP		900	900
School Access		200	200
Temporary Classrooms - Replacement & Removal		150	150
Zero Carbon Contingency		7,000	7,000
Reduction in Basic Need Programme Contingency	-2,500		-2,500
Pupil Places - Total	-2,500	16,710	14,210
Major Infrastructure			
Zero Emission Zone	1,275	0	1,275
Banbury Road Improvement	9,690	0	9,690
Abingdon LCWIP	1,000	0	1,000
Science Vale Cycle Network Phase 2 (Development budget only)	1,000	0	1,000
A4130 widening (Steventon Lights to Milton Interchange Eastbound only)	2,000	0	2,000
Schemes under £1m	1,273	0	1,273
Highways - Total	16,238	0	16,238
Highways			
Structural Maintenance		14,300	14,300
Highways Safety Measures		937	937
Highways - Total	0	15,237	15,237
Property			
Investment Strategy			
Category A - Investment in existing assets	1,700		1,700
Land Purchase		200	200
Category C - Fund to deliver Supported Living	5,000		5,000
Corporate Estate			
Corporate Estate - Asset Condition	-20,000		-20,000
Corporate Minor Works		250	250
Asset Utilisation Programme		-848	-848
Property - Total	-13,300	-398	-13,698
Digital Infrastructure			
Digital Infrastructure - Total	0	0	0
Vehicles and Equipment			
Library - RFID Kiosk replacement	600	0	600
Fire & Rescue Service - Vehicles	8,000	0	8,000
Vehicles and Equipment - Total	8,600	0	8,600
Passported Funds			
Disabled Facilities Grant 2021/22	5,868	0	5,868
ECH Provision	-2,202		-2,202
Passported Funds - Total	3,666	0	3,666
TOTAL PROPOSED PORTFOLIO ALLOCATIONS	12,704	31,549	44,253

**CAPITAL INVESTMENT PLANNING 2021/22 - 2030/31
CHANGES TO EXISTING CAPITAL PROGRAMME**

Strategy - Capital Investment Need	Firm	Pipeline	Total
General Funding & Accounting			
S106 & Community Infrastructure Levy	-6,188	-20,237	-26,425
Capital Receipts		-200	-200
Earmarked reserves	-8,738		-8,738
Capital Grants & Partner Contributions	5,229	-23,187	-17,958
Service funded prudential borrowing	-5,000	3,650	-1,350
General Prudential Borrowing	11,000		11,000
Revenue Contribution	-19,000		-19,000
General Funding & Accounting - Total	-22,697	-39,974	-62,671
Net Changes	-9,993	-8,425	-18,418
Current Capital Programme Balance (Deficit)			18,418
Total Overall Capital Programme Balance			0