

Capital and Investment Strategy

2026/27 to 2035/36

Executive Summary

1. The Capital and Investment Strategy outlines the council's approach to capital investment over the next ten years and incorporates the requirements of the CIPFA Prudential Code for Local Authorities.
2. The Prudential Code for Capital Finance in Local Authorities 2021 requires that for each financial year, a local authority should prepare at least one Investment Strategy containing the disclosures and reporting requirements specified in the guidance. The Strategy must be approved by full Council.
3. 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.
4. 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.
5. The Prudential Code requires authorities to look at capital plans, investments, and debt in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long-term financing implications and potential risks to the authority.
6. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure, investment and borrowing decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcome. In line with the Code's requirements the following annexes are also included in this strategy:
 - Minimum Revenue Provision Policy Statement for 2026/27 (Annex 1)
 - Prudential Indicators for Capital Finance (Annex 2)

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

Section 5.1

impact of actions or decisions on one or more of these strategies will have an impact on the others.

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

Long term context

9. The Council's Strategic Plan has set out a clear vision for the county, centred around strong local communities, healthy places to live, and a thriving economy that benefits everyone, with zero carbon at its core. The council is also developing an Oxfordshire Growth Plan and Spatial Development Strategy which will outline future demand, the infrastructure requirements and target regeneration areas in advance of growth. Implementation of the Spatial Development Strategy in advance of growth will reduce costs and disruption.
10. The strategic plan has nine priorities with a set of objectives for each.

The Council's capital investment will support the following Strategic Plan objectives in delivering its Greener, Healthier and Fairer objectives, found [here](#)

11. The Council's capital investment will support the objectives being developed as part of growth and special planning:

'Master & Spatial Development' objectives:

- Identify and invest in areas of future growth
- Investment in areas requiring regeneration

 12. As well as the above defined objectives, the Council will pursue investment opportunities that combine achieving the Council's priorities with a commercial return, and which will encourage external investment from third parties. Such investments may include (but are not limited to) green energy schemes and supporting innovative 'Green Tech' businesses via investment funds. The Capital programme also supports statutory functions such as school placements and urgent health and safety capital maintenance works.
 13. A ten-year Capital Programme sets out how the Council will use capital expenditure to deliver these council priorities. The Capital Programme is updated quarterly and fully refreshed annually as part of the Budget and Business Planning Process to ensure that it remains aligned to the latest priorities, reflects the latest cost projections and profile for delivery, and incorporates the current funding position.

Section 5.1

14. Current schemes within the capital programme are challenged at project gateways to ensure the project's objectives and benefits align with the Council's current strategic plan.

Capital risks

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

Capital Programme Prioritisation Categories

- Schemes that facilitate compliance with minimum statutory duties relating to health & safety, schools, and delivery of business-critical services
- Schemes that generate revenue, are self-funding or facilitate cost avoidance strategies
- Schemes that contribute to the improvement of the highway network, including road safety measures, flood prevention work and pothole prevention measures such as surface dressings
- Schemes that encourage and facilitate active travel and improve Oxfordshire towns
- Schemes that enhance energy efficiency and promote the adoption of sustainable and environmentally responsible solutions
- Schemes which are partly funded by Section 106 developer contributions but require additional funding to progress

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

Infrastructure and Assets

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

Section 5.1

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

Approach to Capital Investment

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

20. The approach aims to ensure that:

- Capital expenditure contributes to the achievement of the Council's priorities set out in the Strategic Plan including commitment to put action to address the climate emergency at the heart of the council's work and to explore opportunities for social value, as well as the priorities emerging from the development of the Growth Plan and Spatial Development Strategy;
- 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 now and in the future (as set out in service specific strategies, see annex 4) are acquired, or built, and maintained;
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged;
- Investment in existing assets to enhance their value, including acquisition of land, is supported;
- An appraisal and prioritisation process for new schemes is robust

Capital Financing Principles

21. The Council's capital programme financing principles are:

- Non ringfenced capital grants are treated as a corporate resource and used flexibly.
- Capital receipts are treated as a corporate resource and used across the capital programme flexibly.
- The Council will continue to be proactive in ensuring, as far as possible, that all additional capital investment needs arising from new developments are funded from developer contributions.

- Ringfenced resources are used for the purposes for which they are issued.
- Prudential borrowing will only be considered where:
 - i. there is a robust invest to save model; or
 - ii. the council has a significant unmet capital need.
- Community Infrastructure Levy (CIL) funds be secured and directed to the most appropriate capital schemes to help deliver infrastructure to support the development of their area.
- The Council will hold 3% capital contingency in reserves. This contingency is for unforeseen emergency works. Project and programme level contingency is determined and agreed for each project (by gateway) and is agreed within its budget provision.
- Where appropriate, the council will seek to work with third party organisations and attract inward investment to deliver schemes.

The Capital Programme

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

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

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

Unfunded pipeline schemes are also identified by service areas. These schemes are at a very early stage and in some cases, it is not yet clear if they meet a predicted need and/or align to the prioritisation framework. Others have identified a need and align to the prioritisation framework, but due to budget constraints, are currently unfunded pending funding becoming available. This can include future property investment projects that deliver regeneration and / or growth.

Proposed Programme for 2026/27 – 2035/36

23. The proposed programme is based on the latest capital programme 2025/26 to 2034/35 as reported to Cabinet in the Capital Programme Monitoring Report in December 2025; it includes latest approvals and amendments to budget provisions and funding allocations, and recommendations set out in the budget report. Proposed changes to the programme are set out in Section 5.3. Section 5.4 sets out the detailed draft Capital Programme for 2026/27 to 2035/36 by year and programme area. Some of the changes set out below reflect the addition of 2035/36 to the programme and extend the existing programme into that year.

24. The table below sets out the proposed programme by strategy and the split between the Firm Programme (£848.1m) and Funded Pipeline Programme (£405.6m).

Strategy / Programme	Current Year 2025/26 £m	Proposed Firm Programme (2 years) £m	Proposed Funded Pipeline Programme £m	Total Programme £m
Pupil Places Plan	52.3	79.8	96.8	228.9
Major Infrastructure	111.4	463.2	88.6	663.2
Highways Asset Management Plan	64.4	107.1	98.9	270.4
Property Strategy	27.5	71.9	20.3	119.7
IT, Digital & Innovation Strategy	8.2	2.8	0.0	11.0
Passported Funding	10.1	11.0	2.6	23.7
Vehicles and Equipment	4.1	12.3	9.7	26.1
Total Estimated Capital Programme Expenditure	278.0	748.1	316.9	1,343.0
Earmarked Reserves	0.0	100.0	89.0	141.9
Total Estimated Capital Programme	278.0	848.1	405.6	1,531.7

25. The proposed 'firm programme' for 2026/27 to 2027/28 has been developed. A full list of schemes proposed to be added to the draft Capital Programme can be found in Section 5.3.

26. All capital proposals have been evaluated to confirm their alignment with the established prioritisation framework and the Council's strategic priorities as defined in the Strategic Plan. The total available funding from the Council's capital resources amounts to £24.1m. This includes £16.1m returned to the Capital Programme, reflecting savings from completed schemes together with funding released from projects where scopes have been reduced or discontinued and £8m of corporate interest. The Council's capital investment is generally applied alongside funding already secured from sources such as Section 106 developer

Section 5.1

contributions or Community Infrastructure Levy (CIL) funding; however, this is not always the case, and some proposals are fully funded by the Council where required.

27. Schemes that comply with minimum statutory duties relating to health and safety, schools, and the delivery of business-critical services include a proposed investment of £5.2m - funded through Section 106 developer contributions, the Extended Producer Responsibility (EPR) funding for 2025/26, and £1.0m of previously agreed corporate resources - will deliver a new, purpose-built Household Waste and Recycling Centre in Bicester, replacing the current Ardley Fields facility. Designed to meet the needs of the growing town and surrounding communities, the new centre will provide improved access, greater capacity, and modern facilities to make recycling and waste disposal easier and more efficient. This development will support responsible waste management, promote environmental sustainability, and offer a cleaner, safer, and more convenient service for all users.
28. An investment of £2.6m, which is in addition to other secured and anticipated funding, is proposed to relocate Woodeaton Manor Special School into a modern, purpose-built facility. The new site will provide enhanced learning environments and improved accessibility, ensuring pupils receive the best possible support for their educational and wellbeing needs.
29. To maintain business-critical IT services and drive digital transformation, an investment of £3.1m is proposed. This funding, to be allocated over a 2-year period, will enable the adoption of innovative, scalable, and secure technologies, improve operational efficiency and deliver greater value for residents and stakeholders.
30. To build on resident feedback, calling for better and safer roads, a contribution of £5.6m is proposed to deliver improvements to the highway network. This includes a £4.0m investment, over a two-year period, for essential drainage infrastructure repairs to ensure gully cleansing is as effective as possible and that roads are kept clear of flooding. In addition, a two-year investment of £1.6m is proposed to deliver targeted improvements informed by the 2024/25 Heavy Goods Vehicle (HGV) studies which aims to enhance road safety, ease congestion, and support sustainable freight movement across Oxfordshire. This allocation is in addition to government funding and in addition to £42.6m of corporate resources funding committed through February 2025 Council.
31. An investment of £7.5m is proposed to encourage and facilitate active travel and improve Oxfordshire's towns. Schemes that will benefit from this investment include £0.35m to continue the work to ensure that Oxfordshire's footpath bridges are maintained, refurbished or where necessary, replaced. An additional £0.5m is proposed to be allocated to Abbey Meadows Bridge, to complete the much-needed replacement of this community asset.

Section 5.1

32. To further strengthen the Council's investment in Active Travel, an additional £1.7m fund to deliver schemes that have been identified through the Local Cycling, Walking and Infrastructure Plans is proposed. The investment will deliver practical place-based improvements that make walking, wheeling and cycling safer, easier and more attractive to local communities.
33. Building on the £0.5m already allocated through the February 2025 budget-setting process, an additional £1.0m investment is proposed to commence delivery of the Wantage Market Place West End (Phase 1). The funding will be drawn from anticipated contributions from Community Infrastructure Levy (CIL) funding and supplemented by £0.15m from corporate resources.
34. A £1.5m investment is proposed to deliver public realm enhancements across key locations, including the city and market towns to strengthen their appeal as vibrant destinations for communities, visitors and future investment. This is in addition to a further £1.5m investment into Oxford City Centre to support the creation of vibrant streets and beautiful spaces for both residents and visitors, supporting Oxford's international reputation for quality and excellence. The proposed funding will fund the design and partial delivery of key improvements across city centre locations; further funding is to be sought to deliver the full vision for the city centre.
35. A further £3.0m is proposed to be allocated to ensure the successful delivery of the Watlington Relief Road - a scheme that will alleviate noise, congestion and air pollution in the town centre whilst enabling more sustainable modes of transport. The additional funding, which is in addition to the £11.1m approved by Council in February 2025, will cover increased costs due to regulatory requirements, design changes for environmental features, additional highway works as well as an increased risk and contingency allowance due to the complexity of the scheme.
36. The Council continues to invest in schemes that enhance energy efficiency and promote the adoption of sustainable and environmentally responsible solutions. An investment of £0.1m over a two-year period, to establish a sustainable tree propagation unit in central Oxfordshire, is proposed. This initiative will supply locally grown trees for public projects, support community-led satellite nurseries across the county, and deliver environmental, social, and educational benefits. As a proactive programme of work to address Ash Die Back is initiated, this investment will support the replenishment of trees with locally grown stock, enhancing long-term sustainability and reducing costs associated with external sourcing.
37. In line with Oxfordshire's property strategy, which seeks to deliver a an efficient, innovative and accessible estate whilst supporting climate commitments and generating social value, a £0.77m investment is proposed targeting a number of community buildings. The proposed funding, which is in addition to other funding sources for library redevelopment projects, will create welcoming spaces for community use, including the installation of meeting pods and confidential areas to hold private conversations with partner organisations. The investment will also

Section 5.1

deliver a major transformation to Didcot Library, which is in addition to £1.7m S106 Developer Contributions and £0.75m Community Infrastructure Levy (CIL) funding.

38. Bicester Community Support Services, which provides adult day centre services and surrounding areas, is to benefit from works to improve the facility. This is to be funded by £0.3m of S106 developer contributions with further works planned when funding becomes available. For families visiting social services, at the Forum in Kidlington, a proposed investment of £0.15m will deliver a more welcoming facility as well as providing an agile workspace for Oxfordshire County Council's Children's Services colleagues.
39. Building on the £4.0m investment agreed through February 2025 Council, an additional £2.0m funding is proposed to ensure that infrastructure schemes, which are partly funded by S106 developer contributions, are progressed through to delivery.
40. The funding requirements do not include any additional prudential borrowing to help finance the new capital proposals. The current total prudential borrowing amount to £210.9m over the ten - year period. The use of prudential borrowing will increase the Council's Capital Financing Requirement. The Council is required under statute to set aside a Minimum Revenue Provision to pay down the Capital Financing Requirement.
41. In addition to the above, £3.9m Community Infrastructure Levy (CIL) funding is expected. This comprises £3.0m from South Oxfordshire District Council and £0.85m from the Vale of White Horse District Council. The specific schemes to be supported by this funding will be agreed and approved by South and Vale before being incorporated into the capital programme and will be subject to the Council's capital governance.
42. The Capital Programme is currently over programmed over the ten - year period by £10.4m. The table below sets out the resources expected to be used to deliver the capital programme.

Financing	Total Programme £m
Section 106 and Community Infrastructure Levy	224.1
Grants and contributions	844.6
Prudential Borrowing	210.9
Capital receipts	136.2
Revenue Contribution	17.7
Subtotal	1,433.4
Capital Reserves	87.9
Total Financing	1,521.3

43. When necessary and where funding is available, the Capital Programme can fund schemes in advance of receiving specific funding by utilising other resources within the wider programme on an interim basis. Any advancements would need to be considered and agreed by the s151 officer. At present, the capital Programme has approved approx. £35m of forward funded schemes. Not all expenditure has been incurred and therefore the actual value incurred will be lower as it is forecasted that some of the income is expected to be received before all the expenditure associated with the forward funded schemes are incurred. This excludes any cashflow implications arising from the Speedwell and Oxford Rewley Road Fire Station developments.

Recent Funding Announcements & Assumptions

44. In December 2025, Department of Transport (DfT) issued the Local Transport Consolidated Funding Settlement Letter. The new local transport funding system confirmed funding allocations for the next spending review period (2026/27 - 2029/30).

45. Each council receiving funding is required to produce a Local Transport Delivery Plan (LTDP), setting out details of how all the available funding has been prioritised. The funding allocations are shown below:

TRANSPORT FUNDING	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000	Total £'000
Integrated Transport Fund (ITF)					
Highways Maintenance - Baseline	25,307	28,180	31,351	37,366	122,204
Highways Maintenance – Incentive	9,328	12,005	12,079	12,284	45,696
Local Transport Grant	3,999	5,239	7,180	9,120	25,538
Active Travel Grant	4,085	4,085	4,085	4,085	16,340
Local Bus Grant	3,247	3,312	3,377	3,443	13,379
Total Capital Funding	45,966	52,821	58,072	66,298	223,157

46. The council is required to report to DfT at regular intervals on progress against their LTDP and the Local Transport Outcome Framework. Within the funding allocations is an element of incentive funding which have different arrangements. Further guidance will be issued based on the two main funding conditions. At least 25% of the annual incentive funding will be dependent on publishing transparency reports. Also 50% of the incentive funding will be subject to performance. Further details on the performance based measure will be issued later.

47. The full funding for Highways Maintenance has been allocated towards the annual structure maintenance programme. The funding allocations for the other areas will

Section 5.1

be held within earmarked reserves pending the publication of the Local Transport Delivery Plan and released in accordance with the capital governance framework.

Property Investment Strategy

48. The Council's property investment objective is to support growth, regeneration and help deliver the Council's strategic priorities.
49. The council uses the following two broad investment categories:
 - a) Maximise use of and value (both financial and social) of Council owned assets (land and buildings) linked to the council's Property Strategy, and
 - b) Investments for current and future service delivery in land and buildings (including through acquisition) primarily and directly for the delivery of public services and place shaping (including in support of specific regeneration, growth and local infrastructure objectives).
50. In addition, property investments are made in accordance with Treasury Management Strategy, including cash, money market funds, property funds, bond funds and equities.
51. In accordance with the prudential code, the Council does not make investments primarily for commercial purposes.

Green Investment Strategy

52. The Council's key strategic objective through its Green Investment Strategy is to support the delivery of net zero for Oxfordshire.
53. The Council's emerging green Investment Strategy supports the participation of the Council as a more active participant in identifying and creating investable opportunities, and as a direct or indirect investor into green investment opportunities.

Capital Governance Arrangements

54. 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.
55. 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.

56. 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.
57. The capital programme is supported by robust governance arrangements that are in place to effectively manage and monitor the Council's expenditure, review and manage any operational risks across the programme and to enable a strong decision-making framework and structure. Processes to support the management of the Capital Programme are under continuous review to identify areas for improvement.
58. There are five capital programme boards: Environment & Climate, Major Infrastructure, Innovation, Digital & Customer, Property and Highways which report into the Strategic Capital and Commercial Board (SCCB). SCCB meets monthly and is chaired by the Executive Director of Resources and Section 151 Officer, the Executive Director of People, the Director for Economy & Place, the Director of Environment & Highways, Director of Property and Assets and the Director of Financial and Commercial Services. The Board reviews and manages issues and pressures escalated from the capital programme boards as well as the wider strategic risks, which are escalated to Cabinet in line with established governance procedures.
59. A comprehensive capital investment handbook has been published for staff guidance and support. This handbook sets out the governance, roles and responsibilities including an overview of the governance structure, terms of reference for each governance level, and a description of key roles and responsibilities. It also includes a reporting framework, set of KPIs, and aggregation method for how reporting will be established by exception. The handbook includes a high-level and detailed approval process and description of each stage of capital project delivery, from Stage 0 to Stage 4. It sets out key meetings and documentation required for each step, including specific guidance around capital expenditure, and how key aspects, such as Council strategic outcomes, and the capital and investment strategy, can inform the prioritisation process.

Measuring the delivery of the Capital & Investment Strategy

60. The overall performance of the Council-wide Capital Programme will be reported to the Cabinet on a quarterly basis.
61. This will include an overview of the performance across each of the capital programmes with a specific focus on:
 - The most significant variances (in terms of timeline, scope, and budget);
 - The most significant risks and issues (e.g. those with the largest potential impact etc.);
 - The most significant successes; and,

Section 5.1

- Overall benefit realisation and strategic alignment to Council outcomes

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

- Any new scheme not already in the firm programme, including grant funded schemes
- Any cost variation over £2m
- Any material scope variation that impacts the projects' ability to achieve its overall objective/benefits/savings
- Any time variations that impact the 'go live' date

Minimum Revenue Provision Policy Statement for 2026/27

1. The Council is required by statute to charge a Minimum Revenue Provision (MRP) to the General Fund Revenue account each year for the repayment of debt. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council taxpayers.
2. 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 2021 requires the Council to set and monitor against Prudential Indicators in the following categories:
 - Prudence – Capital Expenditure and External Debt
 - Affordability
 - Treasury Management
2. The indicators have been based on the February 2026 capital programme which will be approved by Council on 10 February 2026 as part of the Business and Budget Planning Report.
3. The capital expenditure figures for beyond 2026/27 will be able to be revised in twelve months' time.

Prudence

Estimates of Capital Expenditure

4. The Council is required to make reasonable estimates of the total of capital expenditure (including earmarked reserves) that it plans to incur during 2026/27 and the following two financial years. The Council must also approve the actual expenditure for 2024/25 and revised forecast expenditure for 2025/26. The table shows the actual capital expenditure for 2024/25 and how that was financed. It also shows the estimated capital expenditure and financing from 2025/26 to 2029/30.

Capital Programme Estimates	2024/25 Actual £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Capital Expenditure	231.0	278.1	463.9	384.3	176.7	141.6
Financed by:						
Prudential Borrowing	53.7	63.8	60.8	51.4	7.4	27.2
Grants and Contributions	174.0	211.9	400.6	256.9	89.3	73.8
Capital Receipts	0	0	0	71.0	30.2	3.8
Revenue	3.3	2.4	2.5	5.0	3.0	0.8
Reserves	0	0	0	0.0	46.8	36.0
Total Capital Investment	231.0	278.1	463.9	384.3	176.7	141.6

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 2025 that are recommended for approval are set out in the table below. The actual CFR for 2024/25 was £490.208m. The estimate for 2025/26 is £537.640m and for 2026/27 £579.504m.

Year	Actual/Estimate	£m
2024/25	Actual	490.208
2025/26	Estimate	537.640
2026/27	Estimate	579.504
2027/28	Estimate	609.543
2028/29	Estimate	593.558
2029/30	Estimate	597.028

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,

Section 5.1

its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

- 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).
- The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst-case scenario with sufficient headroom over and above this to allow for unusual cash movements. The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. The table shows the operational boundary for external debt remains within the authorised limit for external debt throughout the period 2025/26 to 2029/30.

	2025/26 Probable outturn £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Operational Boundary for External Debt					
Borrowing	540.000	590.000	620.000	600.000	610.000
Other long-term liabilities	25.000	25.000	25.000	25.000	25.000
TOTAL	565.000	615.000	650.000	625.000	635.000
Authorised Limit for External Debt					
Borrowing	550.000	600.000	630.000	610.000	620.000
Other long-term liabilities	30.000	30.000	30.000	30.000	30.000
TOTAL	580.000	630.000	660.000	640.000	650.000

Actual External Debt

- This indicator enables the comparison of Actual External Debt at year end to the Operational Boundary and Authorised Limit. Total external debt as at 31 March 2025 was £288.326m.

Total External Debt as at 31.03.25	£m
External Borrowing	271.383
Other Long-term Liabilities	16.943
Total	288.326

Gross Debt and the Capital Financing Requirement

Section 5.1

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

Debt	31.03.25 Actual £m	31.03.26 Estimate £m	31.03.27 Estimate £m	31.03.28 Estimate £m	31.03.29 Estimate £m	31.03.30 Estimate £m
External Borrowing	271.383	264.383	298.383	295.383	291.383	276.000
Long Term Liabilities	16.943	15.316	8.689	7.062	2.166	1.483
Total Debt	288.326	279.699	307.072	302.445	293.549	277.483

Affordability

The Ratio of Financing Costs to the Net Revenue Stream

14. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code. The ratio of financing costs to the net revenue stream is estimated to remain within 4-5% in each year going forward and was 3.9% in 2024/25.

Year	Actual/ Estimate	Financing Cost £m	Net Revenue Stream £m	Ratio %
2024/25	Actual	26.4	669.8	3.9
2025/26	Estimate	28.2	703.7	4.0
2026/27	Estimate	31.8	752.6	4.2
2027/28	Estimate	34.6	783.8	4.4
2028/29	Estimate	36.8	816.2	4.5

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

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

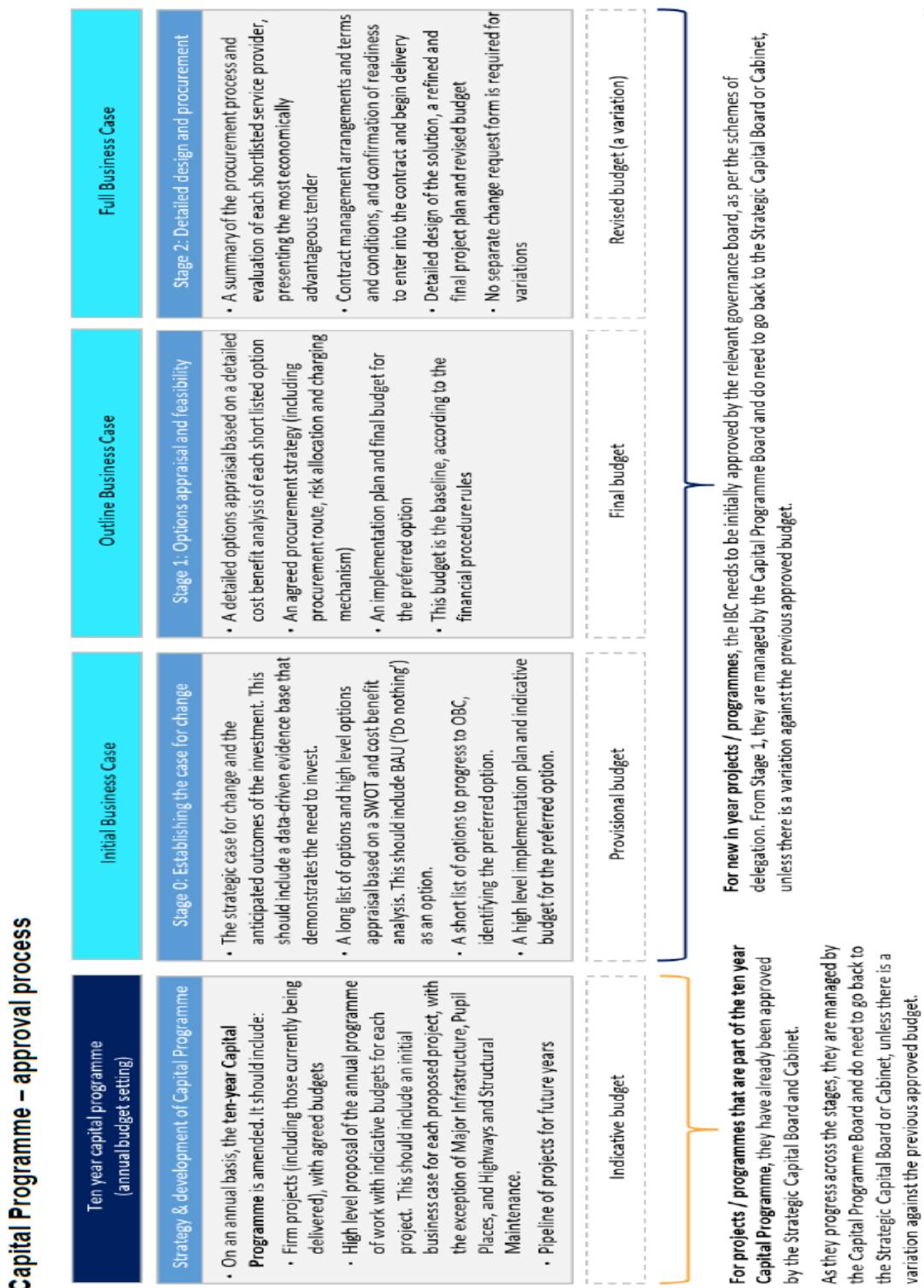
16. This is an indicator of affordability and is intended to show the financial exposure of the authority to the loss of income from commercial and service investments. The definition of commercial and service income is set out in the Prudential Code. Based on current activity the ratio of service income compared to the net revenue stream remains at a maximum of 0.03% from 2025/26 to 2028/29.

Year	Actual/ Estimate	Commercial & Service Income (*) £m	Net Revenue Stream £m	Ratio %
2025/26	Estimate	0.032	703.7	0.00
2026/27	Estimate	0.197	752.6	0.03
2027/28	Estimate	0.200	783.8	0.03
2028/29	Estimate	0.200	816.2	0.02

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

Annex 3

Governance framework and decision-making overview



Strategies that have informed and help us deliver our Capital Strategy

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

- Highway Infrastructure Asset Management Strategy 2022
- Property and Assets Strategy 2022
- Local Transport and Connectivity Plan 2022-2050
- Pupil Place Plan 2023/24-2027/28 (January 2024)
- Special Educational Needs and Disability (SEND) Sufficiency Plan 2022/23-2026/27
- Household Waste Recycling Strategy (2023-2043)
- Libraries and Heritage Strategy (2022-2027)
- Climate Action Framework (2021)
- Local Industrial Strategy | OxLEP (oxfordshirelep.com)