

**To: City Executive Board**

**Date: 11 February 2016**

**Report of: Finance Panel (Panel of the Scrutiny Committee)**

**Title of Report: Capital Strategy**

### **Summary and Recommendations**

**Purpose of report:** To present recommendations of the Finance Panel on the Capital Strategy decision

**Scrutiny Lead Member:** Councillor Craig Simmons

**Executive lead members:** Councillor Ed Turner, Board Member for Finance

**Recommendation of the Finance Panel to the City Executive Board:**

**That the City Executive Board states whether it agrees or disagrees with the recommendation set out in the body of this report.**

### **Introduction**

1. The Finance Panel pre-scrutinised the Capital Strategy decision at its public meeting on 28 January 2016. The Panel would like to thank Nigel Kennedy and Anna Winship for introducing the report and answering questions.

### **Summary and recommendation**

2. The Panel heard that the definition of what constitutes Capital funding had been broadened to include loans and grants to other organisations for capital purposes. This would include loans or grants to a Housing Company owned by the Council. National housing policy changes meant that borrowing would be taken out to fund capital works on the HRA.
3. In response to a question, the Panel heard that the Council's ethical investment policy had not impacted its ability to work with its existing counter-parties.

4. The discussion focused on the Council's capital budget for the acquisition of land at Oxpens and how grant funding received for infrastructure at the site would be treated. This grant would be held in an earmarked reserve and while it could be used to support borrowing, it would not be generating a return. The Panel suggest that the Council should look carefully at the case for spending this grant on other things sooner, while considering potential risks and the need for liquidity.

***Recommendation 1 – That an evaluation should be undertaken of how the Council can make best use of its grant funding for infrastructure at Oxpens. This should include evaluating the risks and benefits of using all or part of the grant in the interim in order to fund other things or generate a return, potentially substituting this grant funding with prudential borrowing at a later date in the event that it was needed to fund infrastructure at Oxpens.***

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**List of background papers: None**

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