

To: Cabinet
Date: 12 February 2020
Report of: Finance Panel (Panel of the Scrutiny Committee)
Title of Report: Capital Strategy 2020/21 to 2024/25

Summary and recommendations	
Purpose of report:	To present Finance Panel recommendations concerning the Capital Strategy
Key decision:	Yes
Scrutiny Lead Member:	Councillor James Fry, Chair of the Finance Panel
Cabinet Member:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	An Efficient and Effective Council
Policy Framework:	The Capital Strategy is a Policy Framework document
Recommendation: That Cabinet states whether it agrees or disagrees with the two recommendations in the body of this report.	

Appendices
None

Introduction and overview

1. At its meeting on 30 January 2020, the Finance Panel considered a report to Cabinet and Council on the Capital Strategy for 2020/21 to 2024/25.
2. The Panel would like to thank Nigel Kennedy, Head of Financial Services, and Anna Winship, Management Accountancy Manager, for attending the meeting, presenting the report and answering questions.

Summary

3. In introducing the report the Head of Financial Services explained that there was a new obligation in the latest CiPFA guidance for councils to adopt a Capital Strategy annually but that this was already the Council's established practice. He also provided an overview of the Council's relatively new approach to capital

project management; the Capital Gateway process. Projects will be presented to members for inclusion in the draft capital programme (for final approval by Council each February) only once they have been approved by an officer board at the outline business case stage.

4. The Management Accountancy Manager explained the arrangements for monitoring the delivery of the capital programme. The Panel heard that members can expect to see greater detail about the delivery of the capital programme, as well as information about the use of money budgeted for feasibility studies, in the quarterly integrated performance reports that are presented to Finance Panel and Cabinet.

Depot rationalisation project

5. The Panel questioned the status of loans to the Council's companies and joint ventures and requested an update on the rationalisation project for the depots occupied by Oxford Direct Services (ODS), for which a £13m budget had been agreed in the Council's capital programme. The Panel heard that the Council has engaged consultants and that a report was expected to progress to Cabinet in the summer. The Panel noted that any future decision on the depot rationalisation project should be informed by appropriate consultation with the ODS workforce, elected members and residents, not least because such consultation may be a requirement under the Duty of Best Value.

Recommendation 1: That the Council consults with the ODS workforce, elected members and the public on any future proposal for depot rationalisation.

Commercial property investment strategy

6. The Panel welcomed the inclusion in the Capital Strategy of the Council's recently agreed strategy for commercial property investments. The Panel considered whether the wording in that section of the Strategy is potentially too restrictive in regards to energy efficiency standards (Appendix A 13.6.6). It states that "*the Council will not purchase properties that are not compliant with the relevant energy efficiency standard*". The Panel felt that this wording may be too definitive as there may be opportunities to redevelop or retrofit such properties, with good returns from energy-efficient investments, recognising that energy efficiency is one of a number of factors that would need to be balanced in any purchasing decision.

Recommendation 2: That clarity is provided in the Capital Strategy that when properties are assessed for potential purchase consideration will be given to any opportunities to redevelop or retrofit properties that are not compliant with the relevant energy efficiency standard.

Further Consideration

7. The Panel agreed that any future Cabinet decision on depot rationalisation should be subject to pre-decision scrutiny.

8. Finance Panel will continue to consider the Capital Strategy annually. It is a Policy Framework document, and therefore consideration by Scrutiny is a requirement of the Council's Constitution.
9. Finance Panel will also continue to consider the quarterly integrated performance reports before they are presented to Cabinet. The delivery of the capital programme and the use of the feasibility budget will naturally form part of those deliberations.

Report author	Andrew Brown
Job title	Committee and Member Services Manager
Service area or department	Law and Governance
Telephone	01865 252230
e-mail	Abrown2@oxford.gov.uk

Cabinet response to recommendations of the Finance Panel (Panel of the Scrutiny Committee) made on 29/01/2020 concerning the Capital Strategy 2020/21 to 2024/25

Provided by the Deputy Leader and Cabinet Member for Finance and Asset Management, Councillor Ed Turner

Recommendation	Agree?	Comment
<p>1) That the Council consults with the ODS workforce, elected members and the public on any future proposal for depot rationalisation.</p>	Yes	<p>This will be carried out by Oxford Direct Services as part of the business plan, as a deliverable criteria in the evaluation and consultation with staff.</p> <p>The development of the ODS New Depot delivery plan is being carried out by ODS and it will be incumbent upon ODS to carry out consultation with workforce, residents, public, and elected members.</p>
<p>2) That clarity is provided in the Capital Strategy that when properties are assessed for potential purchase consideration will be given to any opportunities to redevelop or retrofit properties that are not compliant with the relevant energy efficiency standard.</p>	Yes	<p>Properties for purchase will be assessed against investment criteria, which includes compliance with the relevant energy efficiency standard. Where there is non compliance, the cost of bringing up to the required standard will be factored into the bid price.</p>

9