

**To:** Cabinet  
**Date:** 07 February 2024  
**Report of:** Scrutiny Committee  
**Title of Report:** Capital Strategy 2024/25 to 2027/28

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To present Scrutiny Committee recommendations for Cabinet consideration and decision
<b>Key decision:</b>	No
<b>Scrutiny Lead Member:</b>	Councillor Lucy Pegg, Scrutiny Committee Chair
<b>Cabinet Member:</b>	Councillor Ed Turner, Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	All
<b>Policy Framework:</b>	Council Strategy 2020-24
<b>Recommendation: That the Cabinet states whether it agrees or disagrees with the recommendations in the body of this report.</b>	

<b>Appendices</b>	
<b>Appendix A</b>	Draft Cabinet response to recommendations of the Scrutiny Committee

## Introduction and overview

1. The Scrutiny Committee met on 06 February 2024 to consider a report concerning the Capital Strategy 2024/25 to 2027/28. The report, which is due for Cabinet consideration on 07 February 2024, recommends that Cabinet recommends the Capital Strategy 2024/25 to 2027/28 to Council for approval.
2. The Committee would like to thank Councillor Turner (Deputy Leader (Statutory) and Cabinet Member for Finance and Asset Management), Nigel Kennedy (Head of Financial Services) and Bill Lewis (Financial Accounting Manager) for attending the meeting to answer questions.

## Summary and recommendations

3. Bill Lewis, Financial Accounting Manager introduced the report. The Capital Strategy was part of the suite of documents which sat alongside the Budget and the Treasury Management Strategy; it outlined the processes adopted by the Council for Capital processes. There was no substantial change between the current Capital Strategy and the proposed iteration for 2024/25 to 2027/28; a few clarifications had been made throughout the document.
4. The Committee asked a range of questions, including questions relating to whether the Council's investments in assets had been tested by any external bodies to verify that they were not made primarily for financial return; the impact on any capital schemes which commenced prior to the new rules being implemented by the Public Works Loan Board in 2022; the Council's net zero ambitions; Minimum Revenue Provision (MRP); and capitalisation related to the ODS transformation work.
5. In particular, the Committee discussed the criteria applied to all new capital projects in relation to the Council's net zero ambitions. The Capital Strategy set out that the Council's internal business cases procedure for all major (>£500k) capital projects considered and costed for zero carbon (shadow cost) to allow for informed investment decisions and to go beyond policy and building regulations where appropriate, subject to budget being available. It outlined that projects being built today had been in planning for several years and some pre-dated the Council's commitment to reach net zero by 2030. The strategy specified that, in some cases, the additional construction costs for zero carbon coupled with inflationary pressures would make a scheme economically unviable for the Council to progress despite local need. The Committee agreed that the Council should clarify whether progressing with those schemes which pre-dated the Council's net zero commitments jeopardised the Council's ambition to reach net zero by 2030 as a result of the same zero carbon criteria not being applied to them.

***Recommendation 1: That the Council clarifies whether the capital schemes which pre-dated the Council's net zero targets and therefore are not subject to the same zero carbon criteria jeopardises the Council's ambition to reach net zero by 2030.***

Report author	Alice Courtney
Job title	Scrutiny Officer
Service area or department	Law and Governance
Telephone	01865 529834
e-mail	<a href="mailto:acourtney@oxford.gov.uk">acourtney@oxford.gov.uk</a>