

## **Overview and Scrutiny Committee – 14 July 2022**

### **Draft Minute 17 - Agenda Item 5 - Capital Investment Strategy 2023/24**

The meeting restarted at 20.45.

The Committee received a report and briefing from Councillor Schofield, Deputy Leader and Executive Member for Finance and Governance. It presented the latest version of the Council's capital investment strategy which provided a mechanism by which investment and financing plans can be prioritised, ensuring that decisions take account of stewardship, value for money, prudence, sustainability, affordability, and risks. The strategy included details of assets owned and any new assets being invested in and how they are funded.

Members welcomed the report and had submitted a number of advance questions. The Head of Finance gave verbal answers to the advance questions; written answers would be supplied following the meeting (now attached to these minutes).

Additional points were raised during the meeting as set out below.

#### **Question 5.5, Page 114 - Table 2 Significant Assets at March 2022**

A Member queried whether Banstead car park and Ruffles Bridge car park should not appear in the list of assets. The Head of Finance agreed to provide a written response.

#### **Question 5.6, Page 116 - Table 3 Gross Returns**

Members asked for confirmation of the rent income that was received for Beech House before it was vacated. The Head of Finance agreed to provide a written response.

The Chair would raise the comments of the Committee, regarding the Beech House investment, at the Commercial Ventures Executive Sub-Committee, the following week.

#### **Question 5.9, Page 124 – Greensand and MRP**

A Member asked for an explanation of how RBBC would need to change its MRP policy for Greensand Holding Investment if the government changes the requirements for these entities as per the consultation. Currently no MRP charges are recorded.

The Head of Finance confirmed that any changes would take effect from the date of amendment onwards, which was currently expected to be April 2023.

Members requested a written response to explain the impact for this authority of the current accounting treatment for impairments in comparison to the revised MRP proposals.

#### **Question 5.15, Page 128 Capital Receipts**

Members asked for confirmation that the planned use of capital receipts from the Marketfield Way development was a low risk. It was confirmed that the project is progressing to plan, including the forecast capital receipt from the

advanced sale of the market housing element of the project. Progress is reported separately to Overview & Scrutiny as part of in-year budget monitoring.

Members raised a number of additional questions.

### **Commercial Strategy and provision of services**

Members asked whether it was worthwhile continuing to sell or trade services when it was no longer possible to do so to make a profit. It was confirmed that this was being considered through the Commercial Strategy and Financial Sustainability Programme within the context of local government funding and regulatory frameworks. Although profit could not be made, in some circumstances trading spare capacity presented an opportunity to bolster the Council's in-house capacity. Part of the commercial strategy was to confirm the areas to focus on in this regard.

### **Financial Sustainability Programme**

Members asked whether there was sufficient staff capacity to deliver the programme. The Head of Paid Service explained that the programme was in its early stages and the majority of work to date, such as reviewing fees and charges, was being undertaken by in-house resources; however, it was likely that additional resources would be required to help manage some of the larger pieces of work.

### **Environmental Sustainability**

Members asked for an environmental sustainability section be added to the strategy in future. The Head of Finance confirmed that this would be included.

### **Borrowing**

Members noted that borrowing could not be used for projects which are solely to generate a return. Members asked whether this applied to current projects and how it would affect future projects. It was confirmed that there was no current external borrowing. The Head of Paid Service explained that there are increasing restrictions from the government regarding the use of borrowing; the primary aim for capital investment must be for social benefit. However, it was still acceptable for income generation to be a secondary objective.

Members asked whether hyperlinks could be inserted in future reports to point Members to the supporting tables etc.

In conclusion, the Chair thanked the Head of Finance and officers for the information provided.

**RESOLVED** that the Committee:

(i) Noted the report and raised comments for consideration by Executive that are set out in the Minutes and the advance questions and answers.