

Overview and Scrutiny Committee 14 July 2022 Advance Questions

Agenda Item 5 – Capital Investment Strategy 2023/24

Question 5.1

Page 114 - Table 2 SIGNIFICANT ASSETS AT MARCH 2022 notes Land & Premises, Marketfield Way, Redhill having a historic valuation of 27.312m please confirm when the valuation was undertaken and when property it is due to be revalued.

Answer

The valuation was prepared for the 2021/22 statement of accounts based on a desktop assessment of capital investment to date in the new development (and is subject to further review when the statement of accounts is finalised).

Question 5.2

Page 114 - Table 2 SIGNIFICANT ASSETS AT MARCH 2022 please identify the current expenditure incurred to date, broken down into primary elements; land, fees, surveys, construction, and sales / disposal costs including any historic written off as part of the development process.

Answer

With the exception of Marketfield Way (The Rise) which is covered at question 5.1 above, the valuations at Table 2 are the most recent valuation provided by the Council's valuation consultants for the purpose of producing the annual statement of accounts.

Question 5.3

Page 114 - Table 2 SIGNIFICANT ASSETS AT MARCH 2022 Can you confirm when valuations were undertaken for all assets noted having a value above £2m

Answer

Valuations are provided by an independent valuation consultant as at 31 March each year for the purpose of producing the annual statement of accounts.

Question 5.4

Page 114 - Table 2 SIGNIFICANT ASSETS AT MARCH 2022

What impairment (£m) was been made to assets (which) in the period 2021-22

Answer

None of the property assets listed at Table 2 have been impaired. Valuations are based on the valuation consultant's assessment based on current use in line with CIPFA and RICS guidance on valuation requirements when preparing the statement of accounts.

Question 5.5

Page 114 - Table 2 SIGNIFICANT ASSETS AT MARCH 2022

What assets are at risk / likely to have further impairment in the medium term? Has risk assessment been carried out if so please share this with the committee.

Answer

Valuations are based on the valuation consultant's assessment based on current use in line with CIPFA and RICS guidance on valuation requirements when preparing the statement of accounts.

Question 5.6

Page 116 - Table 3 GROSS RETURNS

Beech House Reigate does not show the "budgeted" rent or yield therefore it can't be seen what revenue loss the Council is suffering for being vacant, what is the annual rent the building was budgeted to receive

Answer

The approved 2022/23 revenue budget does not include a rental income budget in respect of Beech House. The budget will be reinstated when new tenancies are in place following refurbishment (subject to approval of the business case for refurbishment – see 5.14 below).

Question 5.7

Page 117 - Table 3 GROSS RETURNS

Page 117 cites "Clarendon Road Car Park lifts "will" be completed in 2021/22 (£0.190m)" can it confirmed that the works have been completed, if so when

Answer

Clarification: these works have not yet commenced; they were put on hold while the service assessed the continued impact of the pandemic on car park income receipts.

Question 5.8

Page 118 - Table 3 GROSS RETURNS

Page 118 cites "authority to borrow up to £83.5 million (Authorised Limit) to fund delivery of the approved Capital Programme 2022/23 to 2026/27. Further details are provided below. [No] details are included. Could the detail be provided

Answer

Further information about the Debt, Borrowing and Treasury Management arrangements that support delivery of the Capital Programme are provided later in the Capital Investment Strategy report at Section 5 (Page 131), including information about the Authorised Borrowing Limit of £83.5 million.

Question 5.9

Page 124 - Please could it be explained how RBBC would need to change its MRP for Greensand Holding Investment if the government changes the requirements for these entities as per the consultation. We do comply currently but please explain what we will be required to do if the government adopts the MRP proposals as indicated in the Agenda item 5.

Answer

The current position regarding the proposed changes to the MRP rules is explained at page 125. This will be clearer when the final proposals are announced by the Government; currently expected to be by the end of 2022.

Question 5.10

Page 126 - Organisational Development has £1.202m of Capital Expenditure please provide details of this projected expenditure

Answer

This information is provided at page 162

- Workplace Facilities: estate/asset development - £1.202m

Question 5.11

Page 126 - Housing has £37.181m of Capital Expenditure please provide details of this projected expenditure

Answer

This information is provided at page 162

- Disabled Facilities grants - £5.67m
- Home Improvement Agency grants - £600k
- Handy Person Scheme grants - £250k
- Massetts Road - building works - £105k
- Temporary/Emergency accommodation repairs/maintenance - £37k
- Lee Street Bungalows - £327k
- Housing Delivery Strategy Investment - £30.0m
- Cromwell Road Development - £150k
- Pitwood Park Development - £43k

Question 5.12

Page 126 - Neighbourhood Operations has £5.706m of Capital Expenditure please provide details of this projected expenditure

Answer

This information is provided at pages 163 and 164

- Vehicle Wash Bay Replacement - £350k
- Vehicles & Plant - £3.391m
- Play Areas Improvement – 1.150m
- Air Quality Monitoring Equipment - £250k
- Parks & Countryside - Infrastructure & Fencing - £225k

- Workshop Refurbishment - £160k
- Contribution to Surrey Transit Site - £127k
- Land Flood Prevention - £53k

Question 5.13

Page 126 - Place Delivery has £15.1m of Capital Expenditure in 2022/23 please provide details of this projected expenditure

Answer

This information is provided at page 164

- Marketfield Way Redevelopment - £15.1m

Question 5.14

Page 127 identifies that £3m is expected to be spent on Beech House, Reigate please advise the logic and provide the basis of the business case for the expenditure

Answer

The £3.0m budget for refurbishment of Beech House was established when the 2020/21 Capital Programme was approved. At that time the intention was to invest in refurbishment of the building to 'CAT A' standard with enhanced environmental sustainability standards to meet the requirements of the sole occupant tenant at that time.

That tenant then decided not to renew their lease during the pandemic (November 2020) and the property was vacated during 2021/22.

Options for the building are currently under consideration and the final proposals are expected to be submitted to CVESC for approval later this year.

Question 5.15

Page 128 identifies £35.824m of capital receipts during the period 2022/23- 2026/27 please provide a full schedule from where these are expected.

Answer

The planned use of Capital Receipts relates primarily to receipts from the sale of the market homes; these receipts are being used to help fund the cost of the Marketfield Way (The Rise) development. They also include planned use of a proportion of Housing Capital receipts held in capital reserves to support delivery of the Housing Delivery Strategy.

Question 5.16

Page 162 - Please can you clarify why the number for housing delivery carried forward is £20m here but £19.170m in the reserves figure (previous agenda item) and where the additional £10.000m in the 22/23 capital programme for housing delivery will be funded from.

Answer

The figures in Appendix 7 at page 162 represent the budgeted capital expenditure on Housing Delivery over the Capital Programme period 2023/24 to 2027/28:

- The £20.0m that was approved in 2020/21 and 2021/22; plus
- The £10.0m that has been approved for 2022/23.

This spending is to be funded from:

- The Housing Delivery Strategy Revenue Reserve balance, which was £19.079 million at March 2022; plus
- £10.921m which is anticipated to be funded through prudential borrowing and/or Government grant. The specific allocation of funding will be dependent on approval of individual business case proposals and the outcome of associated funding applications.