

ITEM 7 - CAPITAL STRATEGY, TREASURY STRATEGY AND PRUDENTIAL INDICATORS 2026/27

COMMENTS ON THE CAPITAL STRATEGY, TREASURY STRATEGY AND PRUDENTIAL INDICATORS 2026/27 REPORT MADE BY THE CORPORATE SCRUTINY COMMITTEE AT ITS MEETING ON 22 JANUARY 2026

Date considered by Cabinet: 3 February 2026

	Comments/recommendations from scrutiny	Advice provided by officers at the meeting	Cabinet response
C1	Capital financing costs are less than 15% as a proportion of the general fund net revenue budget – does that just apply to the general fund?	Yes	
C2	Why are capital receipts for Stenson House not shown in the forward plan when right to buy receipts are included in the HRA.	The written detail will be provided to Members of the Scrutiny Committee.	
C3	Page 37, paragraph 3.2 references the Council will need to significantly improve its performance. This was not achieved with Marlborough Centre. The Council should be taking it more seriously in terms of due diligence on its capital projects.	The council has put in place governance arrangements for capital schemes and we remind officers of these regularly. There is an e-learning programme available to officers for the capital programme. Officers are also required to produce outline business cases for major capital schemes. We have learned from previous experience and continue to improve our approach.	
C3	Are the right to buy receipts in the capital programme going towards the new supply and we don't want to see the right to buy receipts funding being lost i.e. returned to	While the receipts from right to buy are included, it's important to note that we can't provide absolute certainty over the next five years, as future circumstances are unpredictable. The replacement process is	

	Government.	<p>not simply a like-for-like swap; much of our housing stock dates from the 1950s, 60s, or 70s and tends to sell at lower market values, which often differs from members' expectations, especially regarding upgrades like improved EPC ratings. For instance, we might sell an older property for around £85,000 but need to purchase a modern replacement at approximately £235,000.</p> <p>Additionally, the situation is complicated by the fact that most of our current properties are three-bedroom homes, whereas the current demand is mainly for one-bedroom units. Therefore, our approach to replacing stock is guided by meeting present housing needs rather than direct replacement.</p>	
C4	Is it not just a question of how many years you count before you've made the return on investment?	Any proposals for capital expenditure in the HRA uses net present value, which is the calculation based on what the Council will receive as market rent versus the amount of income we would make. As such there will be a point in time known as the payback period.	
C5	The graphs on pages 53 and 54 of the report look positive but it would be helpful to understand more about what they are saying.	A briefing note will be issued to Members of the Committee to provide clarity on the graphs.	