

Capital Strategy 2008

Introduction

The Capital Strategy guides decisions on future capital spending. It is considered by Corporate Management Team, Audit Committee, and Cabinet and approved by Council.

The strategy identifies the priorities, the key partners involved with the council in realising them and the approach to cross-cutting issues. The Council is affected by Local Government Reform (LGR) and will be abolished on 1 April 2009. The strategy reflects the limited life of the Council and the process for agreeing the capital programme.

The Council's Priorities

The Corporate plan was reviewed and updated in late 2006. A full review was programmed for 2007 but this was abandoned due to LGR. The plan continues to provide the overall direction and basis for service and resource planning in 2008-09, but the impact of LGR is such that some changes to priorities and work will be necessary. These changes were considered and approved by Cabinet in November 2007 and were fed into the service and resource planning process for 2008-09.

LGR will have a significant effect on the Council's capacity to deliver its priorities during 2008. As this is the last year of operation a more measured approach will be taken in 2008, focusing on those key initiatives within existing policies and priorities that can be delivered during the remaining the life of the Council and that will have lasting impact beyond 2008.

The Council will carefully balance the support given to LGR joint projects against the need to deliver specific commitments made through the Corporate Plan and service and resource planning process.

The Corporate Plan spotlight priority areas will continue to be taken forward including:

- PFI for affordable housing
- Transforming Trowbridge
- Waste and recycling review
- Improvements in Development Control

Many of the critical tasks identified under the six main spotlight priority areas have either been completed or will continue largely unaffected by LGR. However, there are a small number of critical tasks that will either be shelved or significantly refocused to take account of the new circumstances. These changes are highlighted below in the relevant priority areas.

- **Putting customers first:** The Council is carrying forward its customer focus agenda. It has launched a new customer service unit with dedicated customer service advisors, introduced a new telephone system with a single contact number and upgraded the main reception area. Work will continue throughout

2008 to fully embed these changes. A customer systems review with support from Vanguard will allow some systems redesign and help to prepare for the proposed transition to one council.

The work with partners to provide more joined up and seamless services through the Wiltshire Customer Services Partnership has been stopped. The only exception to this is Building Control and work continues to create a single Building Control service across the county.

- **Improving development control:** The performance of development control has fluctuated in recent years. A customer systems review is being undertaken with support from Vanguard. A new approach to working is being rolled out for the whole service and has resulted in significant improvements to planning application processing times. The Local Development Framework Core Strategy is being developed to set out the spatial vision for the towns and villages in the district over the next 20 years.
- **Recycling more waste:** The Council has an excellent track record on recycling, with top quartile satisfaction ratings and above target recycling rates. A new waste contract was awarded in 2007. Further improvement work is planned for recycling in 2008.
- **Meeting housing need:** The Council is making good progress on a major PFI project to deliver at least 400 new homes for affordable rent. Planning approvals have been obtained and the preferred bidder will be selected in 2008. A sub-regional choice based lettings service is being developed to provide people with even more choice to find a home across the whole of Wiltshire.

Many of the housing strategy reviews and updates programmed for 2008 will be shelved. These include the Housing Renewal Strategy, Homelessness Strategy, Housing Enabling Strategy and the Affordable Warmth Strategy.

- **Better Access to recreation:** A new Play Strategy has been produced and the Council has been successful in attracting lottery funding for a range of active play projects across the five towns.

The leisure facilities review will solely focus on the re-provision of leisure centres in Castle Place, Trowbridge and Melksham. Leisure strategies, including the open space strategy, will not be produced.

- **Improving market towns:** Considerable work is ongoing to support regeneration projects and in work to improve the street scene environment. Through Five Towns Initiative, the Council is working in partnership to bring about regeneration in the five market towns. It is also committed to the Transforming Trowbridge initiative and is implementing plans to bring forward a number of key sites for development. A new grounds maintenance and street cleansing contract started in late 2007. This will provide an improved joined up service across the district to cover land owned by the Council, West Wiltshire Housing Society and Wiltshire County Council.

Regeneration projects will continue throughout 2008, however, the emphasis will be on projects that will be completed by April 2009 as funding may disappear at that stage.

We have also identified a series of guiding principles, which will help us to 'get the job done':

- Sound financial management
- Valued and well supported staff
- A well planned and focused approach
- Strong community leadership
- Commitment to social inclusion
- Accessible decision making
- Efficient and effective service delivery
- High quality communications

Other Factors relevant to the Capital Strategy

In addition to the council's corporate priorities, other relevant factors taken into account in preparing the Capital Strategy are:

- Contractual commitments.
- Projects to improve the efficiency and effectiveness of the council's operations generally. This includes modernisation of computer systems.
- Recommendations derived from improvement plans and Policy Project Groups.

In view of LGR the programme has been reviewed to ensure that work can be completed by 31 March 2009 and will be of continuing value to the new authority. The programme for 2009/10 is a guide to the likely needs that will have to be met, but the final decision will rest with the new Council.

Delivery in Partnership

Like most district councils, we recognise that there are limits to what we can achieve on our own. The Council has a key role to play in working closely with other agencies and organisations to try and make improvements that impact on the quality of life for people in the district.

Everyone has a role to play in creating strong, safe and prosperous communities. This council together with its local public service partners is already working and in partnership with local businesses, third sector organisations and local people to improve local well-being with the aim of making a real difference to people and places. Since 2002, partners have been meeting together as the West Wiltshire Local Strategic Partnership.

The key roles of the LSP can be summarised as:

- a) Exercise a leadership and governing role through identifying and articulating the needs and aspirations of local communities and reconciling or arbitrating between competing interests.

- b) Have oversight of and aim to co-ordinate community consultation and engagement activities of individual partners and where appropriate combine them.
- c) Produce a Sustainable Community Strategy based on data and evidence from the local area, to establish a shared local vision which describes how the people who live and work in West Wiltshire want it to change over time (West Wiltshire – a place to be proud of). Working at County level as well as District, the LSP also contributes and supports the County wide vision for Wiltshire. Both documents are available to on www.westwiltshire.gov.uk
- d) Play a key role in producing a county-wide Local Area Agreement (LAA) that is at the heart of the new local performance framework. It helps deliver the ambitions for the place and its people, set out in the sustainable community strategies. It sets out the 'deal' between central government and local authorities and their partners to improve services and the quality of life in a place. LAAs will be the only vehicles for agreeing targets between local government and their delivery partners and central Government

Shaping places requires strong local leadership. This Council and the LSP is committed to implementing the new duty to involve and will ensure that local people, particularly through community area partnerships, have greater opportunities to influence decision-making and get involved.

Some examples of partnership working within the Capital Strategy are;

- a) Six local housing associations have been nominated as our strategic partners for the provision of social housing in the district. Despite the loss of Local Authority Social Housing Grant (LASHG), meeting housing need remains a corporate priority and the capital programme clearly shows this priority. The government has approved a Private Finance Initiative bid from the Council to provide 400 affordable houses and expressions of interest in the project have been received and the preferred bidder is in the process of being selected.
- b) To increase recycling rates in line with Government Strategy a kerbside recycling is being delivered with both the county council and the district council contributing towards the cost of the scheme. The county council provided the 'black boxes' for dry recycling with the district council meeting the running costs. Green waste bins have also been provided with the district funding £415,000 in 2004/05 and the county council funding £500,000 in 2005/06
- c) A private sector contractor, DC Leisure, runs the council's leisure centres under a partnership arrangement. There is a joint commitment to an overall programme of £2.75m to be carried out over the life of the contract.
- d) The district council provides £100,000 for capital expenditure and £30,000 revenue finance in the five market towns on the proviso that this is match funded by the relevant town council. The money can be used on such things as environmental improvements to the town centres or to meet the aspirations of the local community plan.

- e) The council joined a partnership arrangement with the county council and the other districts in the county to jointly purchase and develop a customer relations management system.
- f) The district council is working with the county council on the introduction of decriminalised parking enforcement. The county council will meet the capital set-up costs and the district will run the scheme, funding any revenue deficit or using any surplus to benefit other highway improvements in its area.

Approach to Prioritising Investment

The procedure for the approval of the council's capital programme is as follows:

- a) A forecast is made of an affordable level of resources available as part of the medium term financial planning process that is considered by Cabinet in the autumn.
- b) A three-year programme was developed from a zero base from 2007/08 and Service managers were invited to submit bids for projects for inclusion in the programme. Bids have to be properly costed, identify any external funding that may be available and include the revenue consequences, if any, of the project. Each bid also includes a statement of the reasons for the project, showing in particular how these contribute to the council's corporate priorities. A copy of the documentation used for this is attached at Appendix 1.
- c) The bids are presented to the Corporate Management Team whose brief is to prepare a prioritised list of projects for inclusion in the programme.
- d) The projects are evaluated in terms of
 - their contribution to each of the council's corporate priorities
 - their contribution to key principles
 - external funding available
 - track record of implementing schemes
 - revenue implications
 - the level of risk
 - any other relevant factors.

A scoring system is used to establish a prioritised list of projects. If there are any revenue consequences then these will be taken into account in the prioritisation and be fed into the revenue savings/developments. Invest-to-Save schemes are awarded a particularly high level of priority. Schemes are included in the capital programme in priority order until the amount of resources available is fully allocated. This is presented to Cabinet for consideration and recommendation to Council as part of the budget setting process.

- e) Projects that cannot be financed in the requested year may be included in a reserve list or programmed in a later year. These may be added to the programme or brought forward to replace any schemes that are unable to proceed during the year.

- f) Corporate Management Team and Cabinet will consider any urgent or high priority schemes that emerge during the course of the year. If approved then funding will be found either by virement, by deferring another scheme or by the Council granting additional resources, as allowed by the constitution or financial procedure rules.
- g) The programme was reviewed in the light of local government reform. Any schemes no longer deliverable within the life on the Council or unlikely to have any ongoing benefit were removed and only inescapable commitments were added. No bids for a new third year of the programme were invited.

The council has determined that a minimum amount for a capital scheme should be £10,000, however if the government give specific support for a scheme that is of a lower amount then this will be allowed. It is also acceptable to aggregate the purchase a large number of small items such as personal computers.

Following the withdrawal of LASHG the Cabinet has amended planning policies to obtain contributions from developers towards social housing.

The pool of capital receipts from the Large Scale Voluntary Transfer of its housing stock and other asset sales will be exhausted during the period of the programme and the council will need to undertake borrowing under the prudential borrowing code. Government has changed the way it supports local authority capital expenditure from additional revenue support grant to capital grants. The government's comprehensive spending review 2007 has placed additional requirements on the south west region, which has diverted funding away from local authorities, and it is assumed that this grant will be zero in 2008/09 and 2009/10. The timing of borrowing will be the subject of discussions with the Council's treasury management advisers. A summary programme, financing statement and ongoing revenue consequences is attached at Appendix 2.

Financing Policy

Following the change in financing from mainly capital receipts to mainly borrowing the Council has agreed:

- To continue with a separate capital programme so that the potential commitment to borrowing is clearly indicated.
- The vehicle replacement reserve should be used to finance computer and other equipment with depreciation charged over the useful life of the item.
- That the Minimum Revenue Provision (MRP) should be set for each scheme so that the borrowing is repaid at the end of the asset's life.
- That MRP for grants made should be set so that the borrowing is repaid at the lesser of either the end of the life of the asset for which the grant was given or 20 years.

The Council can review the capital programme and consequential effects on prudential borrowing at any time. This may be necessary if further strategies are developed to deliver the corporate priorities.

The government is considering changing the regulations that govern the calculation of MRP to require authorities to set it at a prudent level. The Secretary of State is proposing to issue guidance to accompany the regulations. This will give authorities four methods as how to calculate MRP, or a combination of them, and the Council must determine how it will be calculated. The Council's previously agreed policy is wholly consistent with the 'Asset Life Method'.

Procurement

The council operates a general procurement strategy for projects or contracts. The business case that managers must make when bidding for capital resources must identify the options considered. The evaluation and prioritisation of the bids will also consider the options for delivery and whether they have been fully explored.

The procurement strategy has been approved to help achieve the most appropriate purchasing solutions for capital expenditure and Contract Procedure Rules have been reviewed.

Monitoring and Evaluation of Progress

Each capital project is assigned to a service manager who is responsible for its implementation. Meetings are held regularly between Finance and the manager responsible for the each scheme to discuss progress and to estimate the year end position. Progress on the capital programme is reported monthly to the Corporate Management Team and to Cabinet. Scrutiny Committee also receives monitoring reports and a regular report from portfolio holders.

At present there is no formal system of evaluation for all completed projects, but internal audit are requested to undertake project post implementation reviews. It should be noted that the major portion of the council's capital expenditure is on housing grant schemes or improvement of existing properties.

Contact

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