

Title: **Capital Strategy 2006**

Portfolio Holder: **Cllr Carbin – Finance Portfolio Holder**

Reporting Officer: **Steve Harding – Management Accountant**

Key Decision: **No**

Purpose

To consider a revised Capital Strategy, which will guide future capital spending decisions, and to recommend the strategy, with any revisions, to Council.

1. Introduction

The strategy identifies those priorities, the key partners involved with the council in realising them and the approach to cross-cutting issues. It also includes details of the process for agreeing the capital programme and arrangements for the evaluation of completed projects.

2. The Council's Priorities

The Council's intentions, direction and focus for the next five years are set out in the Corporate Plan. The plan has been developed drawing upon local consultation, Government priorities and the views of elected members. It will help to deliver services in the best possible way to every part of the community. As well as covering the issues that matter to local people, it clearly sets out the Council's ambitions and provides a context for competing priorities. It highlights how the contribution to the community strategy will be delivered and how the impact will be measured.

The Council has identified six 'spotlight areas' where particular improvement is needed.

- Improving Development Control

Improve development control performance to meet Government targets	Ensure high quality planning decisions based on up to date planning policy	Achieve a high standard of customer service for users of the planning system	Support and contribute to corporate and service objectives, particularly in relation to affordable housing, market town regeneration, sustainability and community safety
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- Recycling more waste

Hit the recycling targets	Increase individual awareness of waste and the different ways to recycle it	Achieve a high level of customer satisfaction with the recycling services	Work with the Wiltshire Waste Partnership to limit the growth of waste produced in the first place
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- Meeting housing need

Understand housing need and the effect of the housing market	Provide additional rented housing for people on low incomes	Prevent homelessness, reduce the number of people who are homeless, stop use of bed & breakfast and reduce use of other temporary accommodation	Meet or exceed Government targets for decent homes and make the most of existing housing stock to meet housing need
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- Better access to recreation

Understand and address the leisure and recreational needs of the district	Increase the number of people who are regularly physically active	Maintain high levels of customer satisfaction with our sports/leisure facilities and parks/open spaces and improve satisfaction levels for cultural activities, theatres and concert halls
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- Improving our market towns

Work in partnership to improve the environmental quality and cleanliness of all five towns	Improve the vitality of all five market towns	Help to improve the sustainability of communities in each of the five market towns	Reduce anti social behaviour in town centres
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- Putting customers first

Enable easy access to the Council, recognising the needs of different customers	Provide consistent and fair treatment to all customers	Deal with customers as an integrated organisation, rather than as a series of disjointed departments	Deal with the majority of customers at the first point of contact
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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 focus on priorities
- A well planned approach
- Strong community leadership
- Accessible decision making
- Efficient and effective services
- High quality communication with the public

The Council is to undertake a review of the Corporate Plan this summer to check progress and ensure that it reflects current priorities.

3. 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 commitment to continued spending on a sewerage scheme.
- Projects to improve the efficiency and effectiveness of the council's operations generally. This includes modernisation of computer systems.
- Recommendations derived from the CPA assessment and improvement plan of Best Value Reviews and Policy Project Groups.

Work is being commissioned to look at the condition and value of the Council's property and this will be used to update the Asset Management Plan. This will be completed in time for the review of the Corporate Plan. The capital strategy can then be updated to ensure that it corresponds with the AMP and resources are allocated.

4. 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.

The Local Strategic Partnership is a group of key people from a wide range of organisations, who come together to make sure that the most is made of opportunities for joint working and to tackle the big issues like community safety, health and the local economy. In order that the LSP works together, the partners have signed up to an overall community strategy for the area. This document - 'West Wiltshire: a place to be proud of' - was produced following in-depth consultation with the local community, and is available from www.westwiltshire.gov.uk. We are also committed to supporting and delivering key projects in both the Wiltshire Community Strategy and Local Area Community Plans.

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 Council is also pursuing a Private Finance Initiative bid to provide 400 affordable houses with the government decision due in March 2006.
- b) To increase recycling rates in line with Government Strategy, 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. The programme includes £200,000 as a contribution to improvement works carried out by the contractor. This is part of 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 has 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 and is seeking to extend this approach.

5. 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) The programme is developed from a zero base and Service managers are invited to submit bids for projects for inclusion in the following year's 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 of the factors identified in section 3.

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 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 first year may be included in a reserve list. These may be added to the programme 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.

The council currently has capital receipts arising from the Large Scale Voluntary Transfer of its housing stock and other asset sales. The Council has no external borrowing but is likely to make use of the borrowing powers under the prudential regime when the supply of receipts has been exhausted.

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

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 of a large number of small items such as personal computers.

The Corporate Management Team decided to recommend specific projects for the first year of the programme only and provisionally allocate resources for programme areas for a further two years. The pool of capital receipts will be exhausted during the period of the programme and the council will need to undertake borrowing under the prudential borrowing code. Government is changing the way it supports local authority capital expenditure from additional revenue support grant to capital grants. No details of the capital grant to be paid have yet been received, but any amount received could be used to either increase the capital programme or delay the point at which borrowing needs to be undertaken. The timing of any 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.

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

6. 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.

7. Monitoring and Evaluation of Progress


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

At present there is no formal system of evaluation for completed projects, but internal audit will be requested to help the council take forward a process of

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.

8. Recommendation

The Cabinet agrees the Capital Strategy and recommends it to Council.

 Plain English guidance given

30 January 2006

File ref. N:\Cabinet Reports\2005-2006\8 February 2006\Capital Strategy 2006.doc

File location: Financial Services room F33