

Title: **Capital Strategy 2007**

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

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

Purpose

To approve the Capital Strategy 2007, which was reviewed and recommended by Cabinet at its meeting on 7 February 2007.

Background

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.

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 is used by the Council, Cabinet, and our staff to shape all we do. It also helps partner organisations understand what we do and how we do it. Councils are complex organisations and have many roles: community leader, democratic representative, provider and enabler of services, local business and major employer. We help shape the communities and places in which we live and work.

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

- Putting customers first

Overall aim: To improve the experience of our customers in dealing with West Wiltshire District Council to the level of best practice in local authorities.	Starting position: We have corporate and departmental customer service standards in place as well as a council wide complaints system. However, we do still deal with customers within a departmental rather than corporate framework. We have developed a customer services strategy that will enable us to move forward in delivering services corporately.
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- Improving Development Control

Overall aim: To provide an efficient and high quality development control service, while achieving the Government's performance targets for dealing with planning applications.	Starting position: The turnaround time for planning applications fluctuated during 2005-06. We will continue to work towards achieving all the national targets and achieving above average performance.
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- Recycling more waste

Overall aim: To hit the national top quartile targets for recycling and be an exemplary organisation in terms of our own waste management	Starting position: Levels of recycling within the district increased significantly during 2005-06. Levels of domestic recycling and composting exceeded 27% and 97% of the district is now served by kerbside collections of two or more types of waste that can be recycled.
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- Meeting housing need

Overall aim: To identify and meet housing need in the district.	Starting position: The Council's role is to balance the housing market and meet housing need in the district. There is a shortage of affordable housing in the area, particularly in the private rented sector. The Council's CPA inspection noted that we need to improve our focus on private homeowners to develop and maintain balance in the local housing market by ensuring that the existing housing stock is effectively maintained. The Council also wishes to find new ways to better meet housing need.
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- Better access to recreation

Overall aim: To provide a wide range of well planned and managed leisure and recreational opportunities that meet the needs of residents and return high levels of customer satisfaction	Starting position: We provide a range of cultural activities including parks, open spaces, play areas, leisure facilities and opportunities to participate in arts, sports and physical activities. An overall assessment of what the leisure and recreational needs are in the district has been carried out, which has resulted in a framework for improvement.
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- Improving our market towns

Overall aim: For all five towns to become increasingly attractive and vibrant places for people to live and work.	Starting position: A notable feature of the district is that it is centred around five market towns. We must ensure that they are vibrant and attractive places for future generations to live and work in.
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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 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 the CPA assessment, improvement plans and Policy Project Groups.

A report has been received that looks at the condition of the Council's property and will be used to update the Asset Management Plan. Work has been commissioned to revalue the property at 31 March 2007. The capital strategy can then be updated to ensure that it corresponds with the AMP and how resources are allocated.

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 (LSP) 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.

The Wiltshire Improvement Partnership (WIP) has been set up and led the Council to enhance performance and share learning across Wiltshire. WIP is a partnership between the four Wiltshire districts and the County Council. It is chaired by West Wiltshire District Council's Chief Executive and brings together senior policy and

performance officers from across the county to discuss significant issues relating to performance, new legislation, CPA etc. The partnership has secured £316,000 of capacity building funding to improve community leadership across Wiltshire focusing on member development, equalities and diversity and the governance and performance management of partnerships .

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 are currently being sought.

b) To increase recycling rates in line with Government Strategy, kerbside recycling is being delivered through the Wiltshire Waste Partnership with both the county and district contributing towards the cost of the scheme. The county 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. The twin bin scheme and black boxes have now been rolled out across the whole district. As a result, over 95% of all households now have fortnightly collections of recyclable and compostable waste.

Since the Council introduced the alternate weekly kerbside collections of recyclable and non-recyclable waste two years ago, the amount of rubbish being diverted from landfill has increased from 10% to 44% (May 2006). This figure is the highest monthly recycling rate for anywhere in Wiltshire since kerbside schemes were first introduced.

c) A private sector contractor, DC Leisure, runs the council's leisure centres under a partnership arrangement. The programme included £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 ensured its IT investment and work on e-government initiatives is focused on helping it to work smarter, increase capacity and provide more choice for customers. Much of this work has been focused on addressing the 'putting customer's first' priority area and the move to front and back office working. In partnership with the county and other districts a new customer relationship management system has been procured. This is being supported by the procurement of a new telephone system and the introduction

of a multi-media customer services unit to deal with the majority of customer enquiries at first point of contact.

- f) The district council is working with the county council on the possibility of introducing 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.

Key Issues

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 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.

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 Corporate Management Team has recommend projects for the whole of the three-year programme. 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. It is assumed that this grant will decline by 20% each year, reflecting the rate of decline currently experienced. 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

The change in financing from mainly capital receipts to mainly borrowing allows for a review of the financing policy and related revenue costs. The Corporate Management Team considered a report on capital financing, attached at Appendix 3, and agreed the following:

- 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.
- Minimum Revenue Provision (MRP) should be set for each scheme so that the borrowing is repaid at the end of the asset's life.
- 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 three-year programme and consequential effects on prudential borrowing at any time. This may be necessary if further strategies are developed to deliver the corporate priorities.

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 each manager and Finance to discuss progress on the scheme(s), which 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 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.

Effect on strategies and codes

These are contained within the report.

Risk management Implications

None

Finance and performance implications

These are contained within the report.

Legal and human rights implications

None

Recommendation

The Council approves the Capital Strategy.

Background papers

None