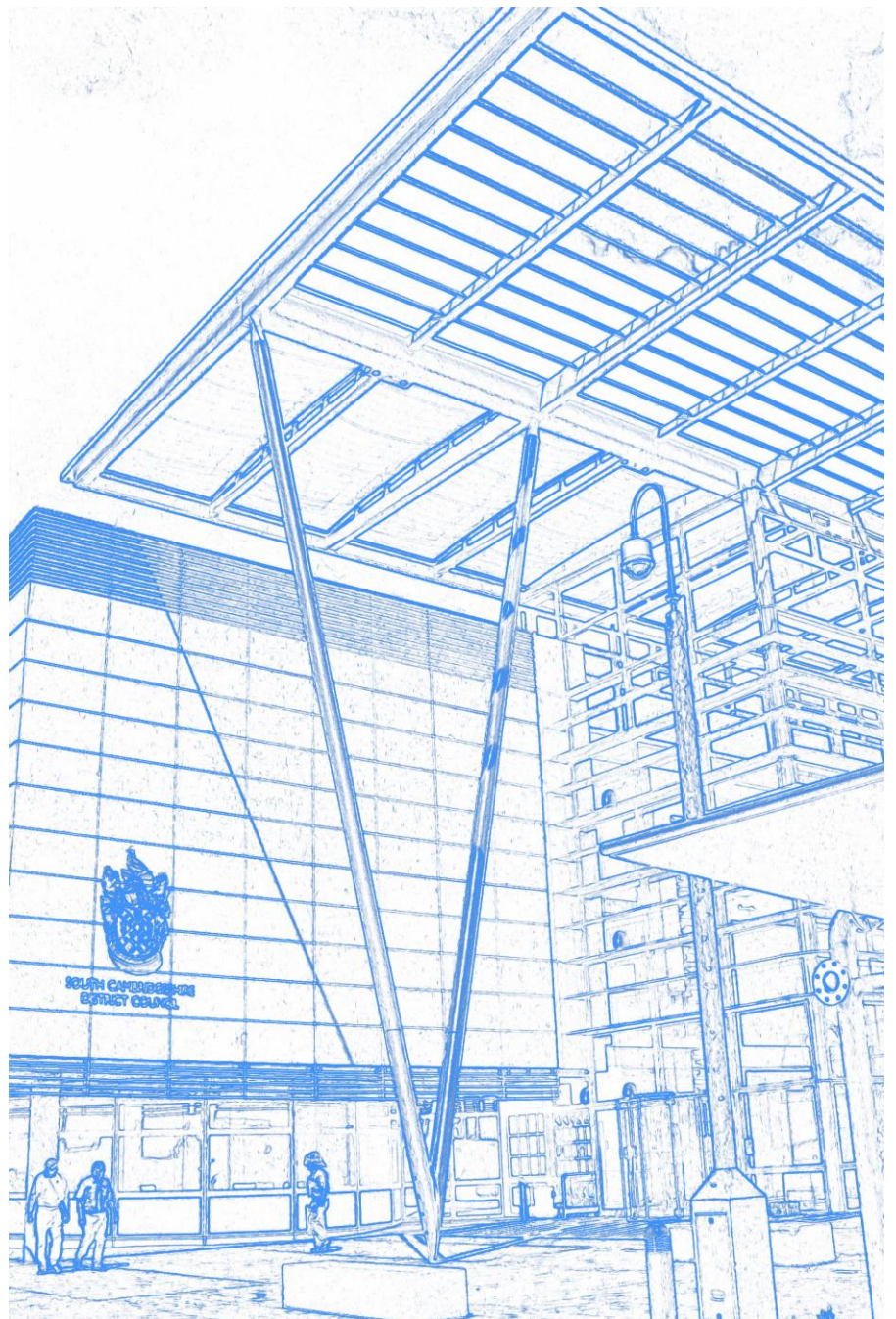




South  
Cambridgeshire  
District Council

# Capital Strategy 2010 - 2011



**DRAFT February 2010**

# **DRAFT CAPITAL STRATEGY**

**2010/11**

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## **1. Introduction**

The purpose of this document is to show how the Capital Strategy determines which capital projects are included in the capital programme in a rational and objective manner that maximises the contribution of the capital programme towards the achievement of the Council's corporate aims.

The Capital Strategy draws together the capital expenditure requirements emerging from the various service plans which themselves are based on consultation and co-operation in order to reflect the needs and aspirations of local people.

The majority of the Council's assets are the housing dwellings. Day to day maintenance and any plans for improvements are incorporated into the Housing Revenue Account Business Plan. This covers a 5 year period and is updated annually. It includes anticipated central government funding, rent levels and available capital receipts that can fund any necessary capital works and analyses options and strategies to maintain affordable rented and leasehold homes.

Of the remaining assets owned by the Council the only significant property is the Council's offices in Cambourne. This is a modern purpose-built building completed in 2004 and the Corporate Asset Management Plan summarises the programme of work to maintain the building from a recently conducted condition survey. Due to the funding constraints faced by the Council it has been decided that all other properties/facilities owned by the Council will be disposed of. It is anticipated that this will happen in 2010. The accompanying Corporate Asset Management Plan details how the non-housing properties are managed to ensure they meet the objectives and requirements of the Council.

Whilst the capital programme detailed in the accompanying core data will be deliverable up to 2014/15 within the resources available, this is dependent on the guaranteed buy-back of equity share dwellings being transferred to housing associations during 2010/11. If this does not occur, then a substantial sum will have to be included in the capital programme for future acquisitions and the level of expenditure and financing of the whole capital programme will have to be re-assessed.

## **2. Vision, Aims Approaches and Actions**

The Council's Vision is "To make South Cambridgeshire a safe and healthy place where residents are proud to live and where there will be opportunities for employment, enterprise and world-leading innovation. We will be a listening Council, providing a voice for rural life and first-class services accessible to all."

The corporate aims agreed by the Council:

- A. We are committed to being a listening Council, providing first class services accessible to all;
- B. We are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family;
- C. We are committed to making South Cambridgeshire a place in which residents can feel proud to live;

D. We are committed to assisting provision of local jobs for you and your family:  
and

E. We are committed to providing a voice for rural life.

These aims, which have been subject to public consultation, set the longer-term direction of the Council. For each aim a number of Approaches set out the more specific means by which the corporate aims will be achieved. These Approaches may change more frequently than the corporate aims. As the Council does not have the resources to address all aspects of its aims at once these approaches progress particular aspects of the aims and provide a clearer focus for resource allocation and management effort. A more detailed action plan of twelve actions has been developed in conjunction with service plans, which clarify how these aims will be delivered in 2010/11. The Council's Medium Term Financial Strategy has minimum scope for new expenditure and any additional financial provision to progress priorities will have to come mainly from savings in other services.

The capital programme detailed in the Core Data has to be approved by Council and relates to the corporate objectives as follows

<b>Corporate Aims: The Council will -</b>		<b>Approaches</b>		<b>Capital Programme Elements</b>
A	We are committed to being a listening Council, providing first class services accessible to all – by	A	Listening to and engaging with our local community	Local Strategic Partnership Projects
		B	Working with voluntary organisations, Parish Councils and Cambridgeshire County Council to improve services through partnership	
		C	Making South Cambridgeshire District Council more open and accessible	Council Dwellings & Other Housing Grants
		D	Achieving improved customer satisfaction with our services	ICT Development South Cambs Hall
		E	Ensuring that the Council demonstrates value for money in the way it works	
B	We are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family – by	A	Working closely through our Crime and Disorder Reduction Partnership to reduce crime and the fear of crime	Council Dwellings & Other Housing Grants
		B	Working with partners to combat Anti Social Behaviour	
		C	Promoting active lifestyles and increasing opportunities for sport and recreation to improve the health of all age groups	Village Sport Facilities Community Facilities
		D	Understanding where health inequalities exist and focussing on areas of need	

<b>Corporate Aims: The Council will -</b>		<b>Approaches</b>	<b>Capital Programme Elements</b>		
C	We are committed to making South Cambridgeshire a place in which residents can feel proud to live – by	A	Making affordable housing more available to local people	Grants to Registered Social Landlords	
		B	Ensuring that affordable housing is in balance with the community		
		C	Achieving a sustainable future for the Council's housing stock	Council Dwellings & Other Housing Grants Conservation & Historic Building Grants	
		D	Working with local residents to promote community cohesion and addressing the needs of the most vulnerable in the community		
		E	Extending and encouraging the use of recycling opportunities		Wheeled Bins
		F	Working to improve the cleanliness of our villages		Street Sweepers
		G	Taking account of climate change in all the services that we deliver		Awarded Watercourse Excavator Climate Change
		H	Promoting low carbon living and delivering low carbon growth through the planning system	Housing Renewal Scheme Improvement Grants	
D	We are committed to assisting provision of local Jobs for you and your family – by	A	Working closely with local businesses		
		B	Promoting economic development		
		C	Using cultural activities effectively to promote tourism	Art Grants	
E	We are committed to providing a voice for rural life - by	A	Protecting existing communities, villages and the countryside		
		B	Working more closely with Parish Councils and Local Groups		
		C	Implementing planning policies to achieve successful new communities		
		D	Maximising planning gain for neighbouring communities		
		E	Playing our part in improving rural services including transport links		

The corporate aims do not feature equally in the capital strategy because some objectives incur predominately ongoing revenue costs.

The Core Data also includes a reference to the large projected increase in population in the District, which is likely to result in a corresponding increase in a demand for capital projects.

### **3. The Council's Partners**

The Council's main partners are:

- a) Registered Social Landlords (RSLs) approved as development partners and the Cambourne Development Consortium;
- b) Council tenants for Council housing; and Social Services and Health for private sector grants through the Home Improvement Agency;
- c) Individual residents;
- d) Parish Councils and Conservation Societies;
- e) Voluntary agencies in arts provision;
- f) Cambridgeshire County Council;
- g) Cambridgeshire Police Authority;
- h) Cambridgeshire Fire and Rescue Service;
- i) Village Colleges;
- j) Cambridgeshire Horizons;
- k) Councillors, staff, the Cambridgeshire Community Network which includes local parish councils in South Cambridgeshire, Cambridge Direct, principal councils in the County of Cambridgeshire, and the Cambridge City & South Cambridgeshire Primary Care Trust; citizens, local businesses and community groups; and
- l) The public.

One of the most distinctive and long-standing aspects of the Council is our emphasis on partnership working. This enables us to influence those bodies in directing resources to the District. Obtaining matched funding from other organisations is a prime consideration in evaluation of grants for community projects.

A number of service strategies and policies are in place, which have been prepared with partner organisations. These include the housing strategy and business plan, the local development framework, crime and disorder strategy and health improvement and modernisation plan, sports strategy, arts strategy and community development strategy.

A joint local strategic partnership has been established with the County Council, Cambridge City Council, Cambridgeshire Primary Care Trust (PCT) and other partners to ensure that our partners and the public's views are reflected in these strategies. The previous South Cambridgeshire local strategic partnership produced a sustainable communities strategy up to 2008-11, a joint strategic will be produced for when this ends in March 2011.

### **4. Working Corporately and Crosscutting**

Corporate working at South Cambridgeshire is achieved through the relatively small-scale nature of the Authority and its streamlined structure. There are regular meetings of the Senior Management Team and of the Cabinet, which include, inter



alia, Portfolio Holders with crosscutting responsibilities. Decisions and policies are subject to review by a Scrutiny and Overview Committee.

The Council is working through a corporate agenda, with a range of external partners, to co-ordinate all aspects of the community development of the new settlement of Cambourne, the establishment of a new settlement at Northstowe and other growth areas around Cambridge. The corporate approach involves Planning, Housing and Community Services, amongst others, working with the Developers. For the key multi-use 'Exchange' community building at Cambourne, the partnership includes several Departments of the County Council, the Primary Care Trust and a new general practitioner practice.

The Council relocated its headquarters offices out of the centre of Cambridge to Cambourne in May 2004. This has provided offices that are more flexible and suitable to the Council's current and future needs and are easily accessible for more of the South Cambridgeshire population. The sustainability aspects of this move have been examined carefully. This has included assessing the impact of staff and residents' travel mileage and has resulted in an excellent environmental assessment for the building.

A Contact Centre with the County Council has been established to provide a first point of call by telephone for residents for all local services.

In view of the dispersed nature of the district the Council's policy has been to meet recreation and community services needs by capital grants and enabling, rather than by the direct provision of services. A review of the use of the village amenity and other grants has taken place. A more pro-active approach is in place to develop sustainable community schemes in partnership with villages, as part of the community planning process as well as addressing accessing additional capital resources by providing a funding toolkit for use by voluntary organisations, etc.

A procurement strategy has been adopted which provides a framework that enables procurement of goods and services to contribute to the achievement of the Council's objectives.

## **5. Best Value and Performance Measurement**

As mentioned above, the Council annually agrees Actions, which give focus to achieving its Corporate Aims. Those actions are the result of consultation and consideration of national priorities and local factors. Currently, our actions address important national and local issues. The Council agrees corporate actions to ensure progress on its priorities and performance indicators to measure progress and the impact it is making.

The Council continues to develop a range of local performance indicators to ensure that progress is being made in service improvement and development. These include performance indicators relating to areas of capital expenditure – such as improved customer service as a result of ICT investment; improved waste collection and street cleaning performance; and satisfaction with community services. The Council's appraisal form for capital projects includes links with performance indicators.

Performance indicators and targets are included in the Corporate Plan and progress is monitored and managed using the Council's CorVu (Strategic Management

System) computer system. Targets are included in service plans and translated to individual officer objectives in staff appraisals. Quarterly reports are made to the Executive Management Team, Senior Management Team and Cabinet to allow high-level performance management and at the same time financial performance is monitored. Portfolio holders also monitor progress on performance and receive information, where appropriate, on progress on capital schemes.

The Council compares its performance by measuring against national performance indicators quartile information and by the use of benchmark data. To facilitate this the Council is a member of a number of benchmarking groups. The use of assets is assessed and current/future assets evaluated as described in the Asset Management Plan.

## **6. Prioritising and Funding Capital Schemes**

As part of the annual financial process, any additional expenditure, either revenue or capital will be submitted for approval to the Senior Management Team, Portfolio Holders, Cabinet, Scrutiny and Overview Committee and, ultimately, full Council. The initial stage of the process is informed either by service reviews, Service Plans, or identification of needs by services.

Any new capital scheme over £25,000 is evaluated by the submission of a Capital Project Proposal. This details the proposal, states the costs and benefits of the proposal and how it contributes to the Corporate Aims and performance indicators. A Housing proposal is evaluated over 30 years (see **Appendix 1**) and for General Fund Schemes evaluation is over the life of that project (see **Appendix 2**). These submissions go to the relevant Portfolio Holder for evaluation and if approved form part of the capital programme that goes to Cabinet/Council for agreement. A review of these arrangements will be carried out during the course of the year to ensure these are appropriate to the authority's needs.

Projects are evaluated against the following seven criteria:

- Contribution to Council Aims.
- Assessment of Service Benefit.
- Impact of Council Performance on National Performance Indicators.
- Implications of refusing the Proposal.
- Impact on the Council's ability to meet Statutory requirements.
- Council Policy.
- Partnership Implications.

In addition, a scoring mechanism to prioritise the bids will be used (see **Appendix 3**) which will order the proposals to identify the priorities alongside the funding streams available.

This scoring mechanism has been evaluated and challenged by the Executive Management Team before being considered and approved by Senior Management Team and Cabinet

The capital programme includes grants to other organisations so that the Council incurs no staff or other recurring costs. These organisations are expected to raise



additional capital resources from the National Lottery, Sports Council, etc. The Council has a funding toolkit on its website to assist organisations seeking funding.

The Council policy of financing its capital expenditure is to:-

- a) run down the balance of capital receipts to zero to finance both Housing Revenue account (HRA) and General Fund capital expenditure which is estimated to happen in 2012/13;
- b) from 2011/12 onwards, finance HRA capital expenditure from the Major Repairs Allowance and miscellaneous minor grants;
- c) from 2011/12 onwards use the balance of HRA capital receipts after pooling to finance General Fund capital expenditure, which substantially equates to General Fund capital expenditure on housing grants and loans;
- d) use Housing Planning Delivery Grant to finance the balance of General Fund capital expenditure: and
- e) in addition, earmarked capital grants are received and used to finance specific capital expenditure.

The capital programme in 2010/11 totals around £8 million and is dependent on the level of housing capital receipts being maintained and the transfer of guaranteed buy-back of equity share dwellings to housing associations. However, the balance of capital receipts is expected to fall from £4.3 million as at 31<sup>st</sup> March 2009 to a nil balance at the end of 2012/13. Thereafter, the only available capital receipts will be those received from asset sales during the year and these are estimated to be around £750,000 net of payments to Government.

Therefore, originating from the above, there is a reduction in future years from the present level of capital expenditure of £8 million to a level of £5 million in 2014/15. Anticipated demands on the revenue accounts will not allow for any substantial capital expenditure to be financed from revenue or for any debt repayments on borrowing to finance capital, except where a business case supports financing from revenue e.g. the waste and recycling strategic review. Thus the current programme as detailed in the attached core data after 2014/15 is not deliverable within the identified resources therefore, the identified programmes will either need to be reduced or additional funding will need to be found.

The main reasons for the fall in capital receipts is the introduction of legislation effective from 1<sup>st</sup> April 2004 on the pooling of capital receipts that now requires 75% of capital receipts from Right to Buy and Equity Share sales of council dwellings to be paid over to the Government and the economic downturn which has reduced the income from Right to Buy sales.

The Council has not yet considered the Private Finance Initiative and Public/Private Partnerships as it can currently finance capital expenditure from its own resources and these Initiatives and Partnerships seem more appropriate to larger local authorities and add to the Council's costs.

## **7. Managing and Monitoring**

The progress of the Council's capital programme is monitored through the Council's annual budgetary process. The main stages are:

- Financial strategy overview.
- Budget preparation.
- Preparation of Service Plans.
- Ongoing monitoring, which is reported to the relevant portfolio holder.
- Outturn review.

A diagrammatical representation of the normal annual process is detailed in **Appendix 4**.

Between May and July the Cabinet and Council review the corporate policy context so that changes can be incorporated in any revisions to the current year's financial strategy completed in July. The outcome of these reviews are communicated to Members and staff to enable proposals and costs to progress the Council's aims to be developed.

Any additional funding is detailed. Increases over £10,000 have to be separately justified which would include the revenue consequences of additional capital expenditure.

Revised current year budgets and next year budgets are compiled for departments and services. These are calculated using baseline expenditure and any bids for extra resources submitted and approved by Scrutiny and Overview Committee, Management Team, Portfolio Holders and Cabinet.

Service Plans are developed with staff and Portfolio Holders to identify how financial resources will be used to achieve service benefits. These plans are then used as a basis for staff appraisals.

Spending on the major elements of the capital programme is reported to Officers on a monthly basis and subsequently to Portfolio Holders on a quarterly basis. Other elements of the programme are reported on an exception basis. Quarterly reports are reported to Portfolio Holders and Cabinet and high-level reports will be available on our web site and intranet.

The final outturn is also reported to Cabinet and Council. If any projects have been delayed then delegated approval from the Finance Portfolio Holder is sought to roll forward the budget.

## **8. Conclusion**

The Council faces substantial challenges. Demand for services is likely to increase as population and the community's aspirations increase. At the same time, capital resources are diminishing as capital receipts are transferred to the Government and the Government effectively restricts revenue increases in Council Tax and Council rents. Against this background, the Council will need to develop further its present system of prioritisation and resource allocation.