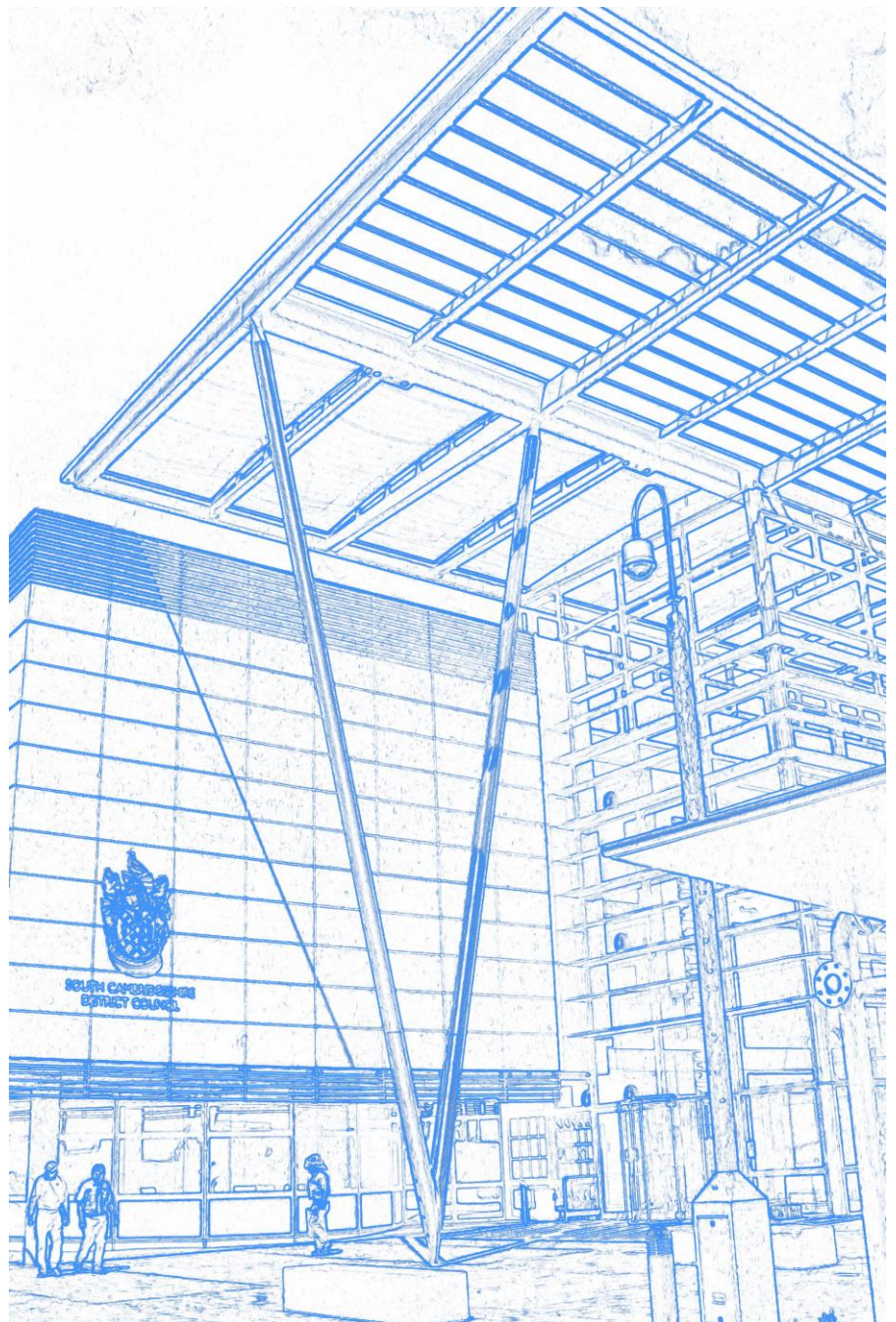




South
Cambridgeshire
District Council

Capital Strategy 2009 - 2010



DRAFT February 2009

DRAFT CAPITAL STRATEGY

2009/10

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1. Introduction

The purpose of this document is to show how the Capital Strategy determines the process for retaining and maintaining properties in the asset base and how capital projects are included in the capital programme in a rational and objective manner which 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 reviews and best value reviews 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 therefore currently requires no capital works. 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 2009. The accompanying 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 in 2009/10 within the resources available, after that date with reduced available resources, the current level of spending is being reduced substantially in the 2010/11 & 2011/12 programmes. The outcome of the Housing Futures ballot may have a major impact on the resources available to fund future years' capital programmes.

2. Aims Approaches and Actions

The corporate aims agreed by the Council in November 2008 to apply from 1st April 2009 focus on:

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

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 has been developed in conjunction with service plans, which will clarify how these aims will be delivered in the next three years. 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

Corporate Aims: The Council will -		Approaches		Capital Programme Elements to be approved by Council 26/02/09
1	We are committed to being a listening Council, providing first class services accessible to all – we will do this 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
		E	Ensuring that the Council demonstrates value for money in the way it works	
2	We are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family – we will do this 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	
3	We are committed to making South Cambridgeshire	A	Making affordable housing more available to local people	
		B	Ensuring that affordable housing is in balance with the community	

Corporate Aims: The Council will -		Approaches	Capital Programme Elements to be approved by Council 26/02/09
a place in which residents can feel proud to live	C	Achieving a sustainable future for the Council's housing stock	
	D	Working with local residents to promote community cohesion and addressing the needs of the most vulnerable in the community	Council Dwellings & Other Housing Grants Art Grants Conservation & Historic Building Grants
	E	Extending and encouraging the use of recycling opportunities	
	F	Working to improve the cleanliness of our villages	Lay-By Litter Bins
	G	Taking account of climate change in all the services that we deliver	Awarded Watercourse Excavator Air Quality Monitoring Equipment Climate Change
	H	Promoting low carbon living and delivering low carbon growth through the planning system	Housing Renewal Scheme Improvement Grants

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) Parish Councils and voluntary agencies in villages;
- g) Village Colleges and Cambridgeshire County Council
- h) Cambridgeshire Horizons;
- i) 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 South Cambridgeshire Primary Care Trust; citizens, local businesses and community groups; and

j) Cambridgeshire County Council and 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 local strategic partnership has been established with the County Council, Cambridgeshire Primary Care Trust (PCT) and other partners to ensure that our partners and the public's views are reflected in these strategies and this body has produced a sustainable communities strategy up to 2008-11.

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 and were updated in November by Council. 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 is developing 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 user 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.

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 has a policy of financing all its capital expenditure from capital receipts and grants. It has no outstanding loans and has been debt free since 1st April 1996.

The capital programme in 2008/09 totals around £12 million per annum and is dependent on the level of housing capital receipts being maintained. However, the balance of capital receipts is expected to fall from £16 million as at 31st March 2007 to a nil balance at the end of 2009/10. Thereafter, the only available capital receipts will be those received from asset sales during the year and these are estimated to be around £3.5 million net of payments to Government.

Therefore, originating from the above, there will have to be a substantial reduction in future years from the present level of capital expenditure of £12 million. Anticipated demands on the revenue accounts will not allow for any capital expenditure to be financed from revenue. Thus the current programme as detailed in the attached core data after 2009/10 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 (In 2010/11 this amounts to £600k and in 2011/12 £500k).

One of the main reasons for the fall in capital receipts is the introduction of legislation effective from 1st 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.

The Council is currently consulting Housing tenants about the future of the housing stock. Any transfer would have to be approved by tenants via a ballot. If a transfer went ahead then any capital receipts from the sale may be available for re-investment and the demand on available resources would reduce. However, if the housing stock remains with the Council then any General Fund capital expenditure could only be incurred if external funds were available.

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.