
**CAPITAL
STRATEGY**

2006 TO 2010

AND ONWARDS



**Rochford District
Council**



INVESTOR IN PEOPLE

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1 INTRODUCTION

- 1.1 The Capital Strategy is a key document for the Council. It sets out how the Council intends to maximise the use of available capital resources in order to achieve its objectives and includes references to other key documents which influence capital investment. This Strategy outlines the framework for management, planning and monitoring needed to ensure that any capital investment undertaken helps to achieve the Council's objectives.
- 1.2 The Strategy is a means of informing stakeholders of the Council's approach to investment for the future. The Strategy is closely linked to the Asset Management Plan and the two documents combine to explain how the Council will use assets and capital investment to enable continuous improvement in service delivery. In addition, the Council has a 5 year Budget Strategy which takes into account the revenue implications arising from capital investment decisions.

2 COUNCIL OBJECTIVES

- 2.1 The Council is a multi-functional organization whose vision is to **“make Rochford the place of choice in the County to live, work and visit.**

To help us realise this vision, the Council has adopted six principal aims, some of which can be delivered directly by the Authority, others of which can only be delivered through working with other organisations in the District. These aims are to:

- To provide quality cost effective services
- To work towards a safer and more caring community
- To promote a green and sustainable environment
- To encourage a thriving local economy
- To improve the quality of life for people in our District
- To maintain and enhance our local heritage and culture

- 2.2 The Council produces an annual Performance Plan which sets out the Government's Agenda for local government and what we are planning to do to help deliver both this and our local priorities. The Performance Plan is available on the Council's website, www.rochford.gov.uk

- 2.3 The key priorities identified in Our Performance Plan for 2006 onwards, which impact on the Capital Strategy, are:

- Development of Cherry Orchard Jubilee Country Park
- Implement the result of the Council's Housing Option Appraisal Process
- Work with key partners in Thames Gateway South Essex towards regeneration of the area

- Review and re-tender refuse collection, grounds maintenance and street cleansing contracts in the context of the Essex Waste Consortium project
- Prepare a new Local Development Framework to provide long term planning guidance for the development of the District

2.4 Not all the priorities identified in the Council's Performance Plan will require capital investment. This Capital Strategy sets out how the Council will identify the requirements for capital investment arising from the priorities and how the demands for limited capital resources will be prioritised.

3 WHAT INFLUENCES THE CAPITAL STRATEGY

3.1 The Capital Strategy brings together all the needs and priorities identified within the District of Rochford that influence the capital investment plans for the Authority. The main influences on the capital strategy include:

The National Agenda	Crime & Disorder Reduction Strategy
Community Strategy	Cultural Strategy
Our Performance Plan	Housing Strategy & Housing Investment Plan
Asset Management Plan/Corporate Property Strategy	Corporate Consultation Strategy
Local Transport Strategy & Travel Initiatives	Rochford District Local Plan
IS/ICT Strategy	Homelessness Strategy
Economic Development Strategy	

Further information on these and the Council's other policies and strategies can be found on our website www.rochford.gov.uk

3.2 Gershon Efficiency Savings

The Government introduced a requirement during 2005 for all local authorities to identify efficiency savings with a target of achieving total maintainable savings of 7.5% of current expenditure over the next 3 years. The Council will need to consider whether there are any savings to be achieved in capital expenditure.

4 CROSS CUTTING ISSUES

4.1 Rochford has a relatively small capital programme compared to other larger authorities. As a result, capital investment tends to be concentrated on the main priorities identified in paragraph 6.4.

4.2 We have completed major works in Rayeigh town centre to improve the Websters Way car park which will enhance the economic and physical wellbeing of residents and visitors and upgrade the town centre infrastructure, improving community safety and improving traffic circulation.

4.3 The refurbishments of the Public conveniences will not only improve the facilities but will also include design features to reduce the level of vandalism.

- 4.4 The programme of works to comply with the Disability Discrimination Act has also improved the facilities on offer to visitors to the district and council offices. Visitors to the Council now have the option of private interview room with better facilities for all our customers and the installation of a lift at the Civic Suite now allows access to all floors of the council offices in Rayleigh.
- 4.5 The creation of a new leisure facility at the former Park School site will help tackle youth issues with the increased provision of activities, address health and leisure issues and provide a much needed local facility. The rolling programme of playspace refurbishment not only improves facilities for the District's youngsters, but is part of the Crime & Disorder Reduction Strategy. The equipment will also comply with the Disability Discrimination Act.
- 4.6 The IS/IT strategy is aimed at improving customer services across the whole of the authority. The Strategy includes the roll out of on-line procurement through a partnership with Essex Marketplace and the Essex Procurement Forum. We are also rolling out an electronic records management and workflow system across the Authority which will allow more flexible working and provide all our customers with better access to services.

5 THE CAPITAL PROGRAMME PROCESS

- 5.1 The Capital Programme is agreed as part of the corporate budget setting process. Revenue and capital budgets are considered at a single meeting of the full Council so that revenue implications of capital items can be evaluated in the right context. The revenue implications will include the cost of financing through borrowing or revenue costs which will arise once the project is completed, for example maintenance costs or increased income.
- 5.2 A report is made to Council covering the main areas of policy development for the forthcoming year; identification of the main projects to be progressed and implemented; areas of service development/change; and outlines the timetable for establishing the 2006/2007 budget.

Timetable for preparation of 2006/2007 Budget	
Performance Plan 2005 identifying objectives/priorities is published	July 2005
Consultation with Local Chambers of Trade	October 2005
Members AwayDay - half yearly review	November 2005
Half Yearly Review and Review of Budget Strategy	November 2005
Final views from Chambers of Trade	December 2005
Ongoing issues relating to Budget Strategy	January 2006
Members AwayDay - 2006/2007 Budget	January 2006
Budget Setting meeting	January 2006
Council Tax set	February 2006

6 PRIORITISATION OF CAPITAL INVESTMENT

- 6.1 During the year, Heads of Service will report to the responsible Committee on their proposals for capital expenditure, which will include an option appraisal for larger schemes. These spending plans will come out of the priorities identified as part of the Corporate Planning Process which takes place each year and is documented in the Performance Plan. The report will also include any resulting revenue costs which will arise either during the project or once it is completed. Once the capital bids have Member agreement, the bids are included in the Draft Capital Programme.
- 6.2 As the proposed expenditure normally exceeds the amount of capital receipts and funding which can be generated, decisions on prioritising capital expenditure needs to be made.
- 6.3 The Members have decided on the priorities for the capital programme in order to balance the competing demands of services and the community. The draft capital programme is presented to the Policy and Finance Committee who will consider the competing bids.
- 6.4 Members will look at not only what is required but also what is achievable. The Council has therefore set the following key priorities and targets for the Capital Programme:
- **Investment in statutory and priority services** to ensure the continuation of essential services and value for money
 - **Ensure that landlord and owner responsibilities are undertaken** including priority items identified through the asset management plan
 - **Improve infrastructure** that has an influence on economic activity and the well being of the Authority. This mainly relates to the improvement of town and village centres.
 - **Priority items flowing from key strategy documents**
 - Schemes bringing **external funding**
- 6.5 Within the Prioritisation Process, projects will not be individually scored against these key priorities. This ensures that attention is directed to the individual project rather than the process.

7 IN YEAR OPPORTUNITIES

- 7.1 It is recognised that the Council needs to retain an element of flexibility within its capital planning processes and that projects may arise outside of the annual timetable for setting budgets.
- 7.2 Any schemes which arise during the year outside the normal budget process will only be considered if they meet a key service need and one or more the following criteria:
- A high percentage of **External Funding** has been made available
 - There is a limited **time span** for carrying out the investment
 - The requirement is an **extraordinary service demand** which could not have been anticipated in the normal planning process

8 SOURCES OF CAPITAL FINANCING

8.1 Capital Receipts

The main source of capital receipts is from disposal of housing stock through the Right to Buy scheme, which the Council is allowed to retain 25% for capital investment. During 2005/06 sales of Council Dwellings have declined dramatically and this will have a major impact on the financing of the Capital Programme.

8.2 Rochford's asset base is small so there are limited opportunities for generating capital receipts from disposal of other assets. However, the Asset Management Plan and Corporate Property Strategy demonstrate how the Council will continue to review its property portfolio to ensure it is providing benefit.

8.3 External Funding

Heads of Service must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government.

8.4 Current sources of funding include Government capital grants, from Thames Gateway and partnership arrangements with Essex County Council. The Council is in partnership with South Essex organisations such as the Swan Housing Group who provide the funding for housing development on land provided by the Council.

8.5 The Council has been successful in bidding for funds from the Thames Gateway towards the Cherry Orchard Jubilee Country Park, Government grants for Planning Delivery, Crime and Disorder, e-government and Housing Benefits. Grants have also been obtained from Essex County Council towards various leisure projects.

8.6 Private Finance Initiative

The Council is unlikely to enter into Private Finance Initiatives because of the size of our organisation and the revenue costs which would impact on our council tax charge. However, the Council will review any opportunities which may arise, for example as a partner within a joint consortium.

8.7 Borrowing

The new prudential capital finance system came in effect on 1 April 2004. The Council has agreed that its first use of the powers will be in 2005/06 to fund part of the costs of the new sports centre in Rayleigh and the revenue implications of this new borrowing have already been included in the 5-year Budget Strategy to ensure its affordability. For any borrowing the Head of Finance, Audit and Performance Management will make an assessment on the overall prudence and affordability of the total borrowing. The impact of borrowing on the Council Tax will be reported in the Treasury management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code of Practice for Capital.

8.8 Revenue Funding

Revenue budget may be used to fund capital expenditure. The Head of Finance, Audit and Performance Management will assess the impact of this on the budget strategy and Council Tax.

8.9 Reserves

Reserves may be built up from revenue resources over time in order to pay for capital expenditure. A possible future use might be to use the additional income from recent increases in car parking charges to build up a fund for the future expansion of parking provision in the district.

8.10 Leasing

Services may enter into finance leasing arrangements to fund capital expenditure. However a full option appraisal and comparison with other funding arrangements must be made and the Corporate Director (Finance & External Services) must be certain that leasing provides the best value for money method of funding the scheme.

9 WORKING WITH PARTNERS AND THE COMMUNITY

- 9.1 Partnership working enables the Council to deliver projects that would otherwise be beyond its capacity. Subject to completing satisfactory risk assessments, Heads of Service are encouraged to look for opportunities to work in partnership with other organisations including on capital schemes.
- 9.2 Rochford District Council has extensive experience in working with partner organisations, service users and neighbouring authorities on a collaborative and consultative basis. This was recognised in the recent Comprehensive Performance Assessment undertaken by outside inspectors in February 2004.
- 9.3 Our key partners include Springboard and Swan Housing Group, leisure providers (Holmes Place), the Rochford and Castle Point Primary Care Trust, environmental services (Serviceteam) and IT facilities Management (Vivista).
- 9.4 Swan Housing Group have been given land in the district on which to build affordable housing and Holmes Place will be our partner in creating a new leisure facility in Rayleigh which will be completed in 2006.
- 9.5 Rochford District Council, along with Essex County Council and 4 other local authorities, were among the first in the country to embark on a strategic collaborative e- procurement project. The Essex marketplace, as the project is now known, started in December 2002 with ambitious plans to roll out e- procurement and a regional partnership. RDC are now using the system to generate revenue savings. Essex County Council has begun developing shared contracts for use by IdeA marketplace members.
- 9.6 RDC have joined the Procurement Agency for Essex in order to improve performance and management of procurement. The aims of the agency include collaboration to contract jointly, share knowledge, skills and information, in order to reduce duplication of effort and overlap in procurement activities. It is also hoped that this approach will ensure

strategic and holistic management of public spending in Essex and encourage innovation in procurement thinking and practice.

- 9.7 The Council is actively engaged with its partners as part of the Local Strategic Partnership for Rochford. There are many organisations within the District who can have an impact on the quality of life of those who live and work here. The Community Strategy has been drawn up by a steering group made up of key partners who have committed their organisations to work together to improve the social, economic and environmental well being of the area.
- 9.8 The District's 5-year Local Transport Strategy contributes to Essex County Council's Local Transport Plan (LTP) and sets out the way in which the District and County intend to contribute towards realising the aims and objectives embodied within the LTP. Schemes identified in the LTP are linked to a service delivery area bid to Government in the County Council LTP. The County Council selects the schemes by priority across the county.
- 9.9 Since April 2002, RDC has been part of a joint member board with the Rochford and Castle Point Primary Care Trust, which was extended in 2003 to include Castle Point Borough Council.
- 9.10 The Council is also working with a number of different partners from both the public, private and voluntary sectors. Public sector partners include the police, health, other local authorities and primary care trust. Examples of the work being undertaken in partnership with other bodies, particularly through the Community Safety Strategy are Communities against Drugs Fund projects and extension of the existing provision of CCTV. The Crime and Disorder Reduction Strategy was drawn up in collaboration with a number of partners.

10 PROCUREMENT

- 10.1 All capital expenditure comes under the requirements of the Contract Standing Orders and Financial Regulations which are part of the Council's Constitution. These were adopted in December 2002 and are reviewed annually. In addition the Council will observe external rules or regulations that govern procurement including the EU procurement directives. Guidance on this can be obtained from the Head of Legal Services.
- 10.2 The Council is keen to develop new and better procurement methods in order to improve the services it provides to residents. It has adopted a Procurement Strategy which is regularly reviewed and has entered into a strategic collaborative e-procurement project with Essex County Council and a number of other local authorities.
- 10.3 The Council is continually reviewing its procurements methods to identify better ways of achieving value for money and two examples of new approaches include playspace refurbishment and housing works.

11 OPTION APPRAISAL

- 11.1 The process of option appraisal for capital projects will be followed in accordance with the arrangements published as part of the budget review process.
- 11.2 All bids for major capital investments will be submitted to a Member committee. The report will include the identified options for achieving the capital investment with officer recommendations on the best way forward. The Option Appraisal must include all identified revenue implications and show that the proposal is affordable and prudent, in line with the Prudential Framework.
- 11.3 It is then a Member decision if the capital bid is agreed and selected for inclusion in the Draft Capital Programme.

12 PRODUCTION OF THE CORPORATE CAPITAL PROGRAMME

- 12.1 The production of the corporate capital programme will be undertaken as part of the Council's budget process and will involve:
- The Head of Finance, Audit and Performance Management identifying the overall amount available for capital expenditure
 - Bids for new capital investment submitted via the Committee process by Heads of Service
 - Consideration by a combined meeting of the Corporate Management Board and Operational Management Team
 - Agreement by the Council of the overall level of capital resources with delegated authority given to the Corporate Management Board for reallocation of resources within defined limits.
- 12.2 The current Capital Programme is published on the Council's website at www.rochford.gov.uk.

13 MONITORING AND EVALUATION

- 13.1 Performance against the Plans and Strategies identified in Paragraph 3.1 is regularly reported to Committee. Members receive a half yearly review on the Performance Plan in the Autumn and they also receive Quarterly Performance Reports which include both national and local performance indicators. Specific priorities in the Performance Plan and CPA Improvement Plan are supported by Service Action Plans which cascade down to individual officers objectives.
- 13.2 All decisions made at Council and Committees are monitored and progress is reported on a quarterly basis until they are implemented.
- 13.3 A continuing key objective for the Council as a whole is to develop the performance management framework to secure a more consistent approach to assessing outcomes and addressing variations in performance.

- 13.4 Progress on capital projects is monitored by a multi-disciplinary officer group, the Financial Programmes Group (FPG), which meets regularly to review progress. This group is also monitoring the completion of the capital programme, on the basis of spend against budget. The Corporate Management Board takes an overview and receives monitoring reports on the progress of capital schemes.
- 13.5 At regular intervals, reports are made to Member committees on the capital programme.
- 13.6 During 2006/07, the FPG will be identifying suitable performance indicators for monitoring capital expenditure and the contribution it makes to meeting of the Council's objectives.
- 13.7 Member led sub-committees are set up to oversee progress on major projects, eg Playspace provision (Playspace Sub Committee), the Windmill Restoration project (Windmill Sub Committee) and receive monitoring reports from officers.
- 13.8 The Council's newspaper, Rochford District Matters, is used to publicise the progress and outcomes of major capital projects carried out by the Council. Rochford District Matters is distributed free to all residents in the district and to other stakeholders. Rochford District Matters was praised as an effective means of communicating with residents in the Comprehensive Performance Assessment carried out in February 2004.
- 13.9 The Performance Plan reports on the achievements of the previous year and sets out the plans for the coming year. The Plan is published on our website and a summary is included in Rochford District Matters which is sent to all residents. Copies of the Plan are also available on request.
- 13.10 Heads of Service are accountable for capital projects within their departments and each capital project has an identified Responsible Officer.
- 13.11 The Head of Finance, Audit and Performance Management is developing a Risk Management approach to budget monitoring and will be reporting to Members a risk based assessment of the Capital programme in order to obtain agreement to a method of monitoring. This has already been introduced for the General Fund revenue budgets.

14 REVIEW OF THE CAPITAL STRATEGY

- 14.1 The Capital Strategy is reviewed annually in order to inform the budget process.
- 14.2 The Council's limited resources in terms of both revenue and capital funds, together with demands for capital projects will continue to present challenges for the Council. The Council will seek to overcome these by continuing to explore new sources of funding and partnership working.