

Background to the Capital Strategy

1. The Council considers and approves each year a budget strategy. This strategy covers a three year period and covers all financial aspects of the Council. The key parts of which are Revenue budgets, Council Tax and Capital Programme. By agreeing all aspects at a single meeting of full Council the financial and service implications that flow to and from one programme to the other can be fully identified. The revenue implications of capital expenditure are identified within the report as are the links to the Corporate plan/ Best Value Performance Plan and key strategies. As part of the forward budget strategy Members also agree the proposed level of Council Tax for the three year period.
2. Members also agreed the 2003/04 work programme to ensure that issues to be dealt with were identified at the start of the year together with the relevant Committee and timetable.
3. The whole budget strategy is a corporate process working upward from operational officers to Managers, through Corporate Management Board and then to Members.
4. Earlier in the year Members consider the Capital Strategy statement to determine the strategic approach to the next capital programme. All heads of Service and Corporate Management Board contribute towards the strategy.
5. As can be seen later in this strategy the limitation of resources only permits a small capital programme and depending on the detailed legislation associated with the pooling of capital receipts, may have to be reduced further.

What influences the Strategy

6. The capital strategy brings together all the needs and priorities within the District of Rochford that have an influence on the capital investment plans for the Authority. The main influences on the capital strategy are
 - The Corporate plan / Best Value Performance Plan
 - The Asset Management Plan
 - The Housing Investment Programme
 - The IS/ICT strategy
 - Issues that will appear in the Community Strategy
 - Service improvements and cross cutting initiatives

Corporate Plan/Best Value Performance Plan

7. The plan reflects the key objectives of the Council, which are
 - 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

8. The combined Corporate Plan/Best Value Performance Plan is reported to Members for their approval. Action plans are created and issues that affect the capital programme are identified and reported as bids for capital resources.

Asset Management Plan

9. Our Asset Management Plan has been assessed as good. The plan for the Authority is reported to Members and following approval an action plan is created. Included within this action plan are the requirements for the capital programme. They are reported as bids for the capital programme.
10. One key issue is the future of the Councils office accommodation. A scheme is being considered on the basis of being self financial through the disposal of existing accommodation

Housing Investment Plan

11. The Housing Business Plan has identified the priorities in order to meet the Decent Homes Standard and other investment required for service improvement. As part of the business plan it has been identified that capital items previously funded by the Housing Revenue Account will now have to be funded by the Capital Programme.
12. For private housing within the district the Council will continue with its policy of making available grants for essential improvements and repairs for owners who qualify for financial help. The adaptation of homes for the disabled will also continue.
13. Although the Council has in the past undertaken many partnerships with Housing Associations the changes to the Local Authority Social Housing Grant scheme has meant that there will be no programme for 2003/04 and possibly later years. Partnerships are continuing but on the basis of making appropriate land and property available and no direct financial help.

IS/ICT strategy

14. The Government has accepted the strategy for this Council. Grant is now available of £200,000 for both 2002/03 and 2003/04. The possibility of a third year funding is being investigated. Within the strategy is the development of e-procurement. This project was initiated in June 2003.

Community Strategy

15. The Community Strategy is under preparation. Public consultation on the draft strategy starts in July 2003. The intention is to have an agreed strategy in place by March 2004.

Service improvements and cross cutting issues

16. Other items will be the subject of the Committee process. Where decisions are made the Authority has a minute monitoring system to ensure that Members are informed of decisions made and the progress on implementation. This will include capital issues, which are then presented as bids. A recent example of this is the Councils response to the Thames Gateway. The Council has had to align itself to all opportunities for development in partnership with the Thames Gateway across the services of the Council.

Partnership working

17. Partnership working is important in that it enables the Council to deliver projects that would otherwise be beyond its capacity. Our partnership working covers both day to day capital requirements and projects. On the day to day basis the Council has contracts for IS/ICT which requires the contractor to be responsible for the replacement of existing hardware. The leisure contractor is responsible for the repair, maintenance

and improvement of the major leisure buildings within the Council. Other major contracts remove the requirement of the Council to fund capital items like vehicle replacements.

18. As previously mentioned we are continuing working with Housing Associations without LASHG. Approval has recently been given for Housing Corporation funding of £2.8m in respect of a scheme involving an existing sheltered housing unit and a Housing Association.
19. We have obtained lottery funding for sports pitch drainage works, grant funding for the new Country Park and are still seeking funding for the historic windmill in Rayleigh.
20. Through the Thames Gateway we are proposing a number of schemes that fit both the Councils objectives and the objectives of Thames Gateway.

Prudential Borrowing

21. At the moment the details of the prudential borrowing framework are not known and therefore the full usage cannot be determined until later in the year alongside the budget strategy. However the Council has identified the first usage of the new powers. This is to fund a new sports centre in Rayleigh. By using Prudential Borrowing, estimated at £1.8m, the Council can significantly reduce its costs and therefore is seen as an invest to save project. The revenue implications of this new borrowing have already been included within the 3 year budget strategy to ensure its affordability.

How is the Capital Programme delivered

Control and Monitoring Process for Capital

22. Following approval of the capital strategy and the capital programme all capital expenditure comes under the requirements of contract standing orders and financial regulations. The Council uses external contractors for the delivery of schemes and therefore contracts are subject to competition through a tender process. The Council has recently agreed to join the IdeA marketplace. Initially this is aimed at e-procurement however it will develop with more partnership working with Essex Authorities and expanded database on purchasing.
23. The Council has a corporate officer working party to monitor the implementation of the capital programme and to report to Members. This reporting is likely to change. In September a comprehensive report on the Risk Management Approach to the Budget Strategy will be considered by Members. Following the identification of risk, monitoring and reporting will be more focussed on the agreed areas rather than the full revenue and capital programme. Following this process suitable performance indicators will be identified in relation to the capital programme and the contribution it makes to services. At the moment all performance indicators are within the Asset Management Plan. Once agreed they will be reported with the BVPI's to Members and stakeholders.
24. The Council now has a partnership arrangement with Brentwood and Maldon District Councils. Mainly created to assist with the Comprehensive Performance Assessment within Financial Services it will also cover process benchmarking of key areas. This will include capital strategy and capital programme performance measurement.

Prioritisation and decisions on Capital Investment

25. In the light of the above Members have to decide on priorities and balance the competing demands of services and the community. The Council has therefore set the following key priorities and targets for the three year programme. An item will need to fit into one of these priorities to be included within the programme unless it can be demonstrated that new resources can be levered in to the Authority or it should be viewed as an invest to save project.

- **Investment in statutory and priority services** to ensure the continuation and improvement of essential services and value for money
 - **Ensure that landlord and owner responsibilities are undertaken** including priority items identified through the asset management plan these include works under the Disabilities Discrimination Act.
 - **Improve infrastructure** that has an influence on economic activity and the well being of the Authority.
 - **Priority items flowing from key strategy documents** including the Corporate Plan/Best Value Performance Plan and Community Plan.
26. In setting the Capital Programme the Council agrees at a single meeting the revenue budget and the total capital programme. This removes a potential piecemeal approach and ensures that competing priorities are determined in the light of available resources. The Capital Programme is prepared through the corporate officer process and is then discussed and agreed by all Members of the Council.

Consultation

27. The District has strong links with the Essex County Council and with the Town and Parish Councils throughout the district and has mechanisms in place for consultation.
28. The Council consults with tenant representatives regarding Council housing. This process is being further developed with the appointment of new staff.
29. The Council has developed a consultation protocol with the business community and other organisations promoting economic activity. An economic development strategy has been developed.
30. The Council has partnership arrangements with all relevant statutory bodies. Where applicable the Council will try to ensure that our policies are incorporated within their strategies.
31. The Council and Castle Point Borough Council works with Castle Point and Rochford Primary Care Trust to identify and address issues that give rise to ill health and health inequalities in this District and Castle Point, and participates in the production of the Local Health Plan. A joint member advisory board has recently been established involving the District Council and the Trust.
32. The Council and Castle Point Borough Council works with the Local Police, the Drug Action Team and other relevant agencies on crime and disorder issues.

Background Information

33. The gross expenditure of the General Fund is £19.4 M and the net budget is £8.2m for 2003/04. The Housing Revenue Account has expenditure of £9.1m
34. The Council has significant problems in relation to its revenue account. Continuous pressure has been mounted on the Government to seek better grant support for Rochford. We currently receive the lowest grant per head of population in Essex and the 14th lowest in England. One implication of this is that capital schemes that have significant revenue implications are extremely difficult to include within the programme and capital support from revenue is extremely limited.
- As at March 2002 the Council had
 - Other Land and Buildings £19.1m

- Housing Revenue Account £85.1m
- Vehicles and Plant £0.06m
- Furniture and equipment £0.3m
- Community Assets £0.1m
- Non operational Assets £0.2m

Type of asset	Area Sq. M	Outside Sq. M	Balance Sheet Valuation £m
1871 Council Dwellings	-	-	83.18
HRA – Miscellaneous property	-	-	1.89
3 Administration centres	4,378	1,528	1.95
5 Leisure Buildings	10,038	17,491	12.65
7 Public Conveniences	188	-	0.2
7 Fee paying Car Parks		27,287	3.01
280 acres of open spaces which includes 28 playgrounds and 30 football pitches	1699	1266 *	0.8
Miscellaneous	358	241	0.4
* Hard surfaces only			

35. Except for sheltered housing the Council has no significant backlog of works outstanding to its buildings which cannot be contained in the current level of on-going programme. In sheltered housing the Council has a significant volume of work outstanding with regards the improvement of stock and the removal of shared facilities. This is currently estimated at £1.5 m
36. The summary Capital Programme is shown as appendix A to this document. This summary shows the estimated capital programme for a three year period. All known resources are included. Capital receipts shown are usually from the disposal of Council property under right to buy. There are no major assets available for disposal by the Council within the General Fund. Some small sites are available however these are being used as our contribution towards partnerships with Housing Associations to deliver new services. The forward projection on capital receipts usage may be subject to change. Under proposals issued by the Government relating to the pooling of capital receipts there is the possibility of debt repayment now being part of these capital receipts. No firm decision has yet been made by the Government, however attention is drawn to this possibility.
37. The Council discharges its main functions through external contractors. These contracts reduce the need for capital expenditure in the delivery of these services and with the new contract covering the leisure buildings passes the responsibility for repairs, maintenance and improvements to the contractor.
38. The Council employs approximately 209 whole time equivalent staff for services other than housing and 32 in respect of Council Housing.
39. The District Council is within the County of Essex and has an area of 17,094 hectares and a population of 78,653. Privately owned properties account for 90 % of the housing stock within the District.
40. The Council is unlikely to enter into any private finance initiatives due to the size of the Authority and the revenue implications
41. Within the District there are 13 Parish Councils and 1 Town Council. These cover the whole District. In addition there are a number of voluntary, community and religious groups within the District. Therefore Village and Community Halls tend to be locally funded.

The current capital programme for 2003/04 – 2005/06

Appendix

	2003/04	2004/05	2005/06
Investment in statutory and priority services			
Information and Communication technologies	267,000	30,000	30,000
Replacement of vehicles and equipment	49,000	42,000	30,000
Landlord and owner responsibilities			
Major repairs and improvements to operational assets including access for the disabled.	600,000	15,000	-
Improvements to Infrastructure			
Working with the Parish Council, the County Council and business groups to improve town and village centres.	85,000	-	-
Priority items – key strategy documents			
Working with the Parish Councils, the County Council and Police on crime disorder and safety issues	90,000	-	-
Development of open spaces and play facilities	411,000	50,000	50,000
Housing Investment Plan			
Grants for house renovation and disabled adaptations	326,000	108,000	108,000
Partnership schemes with Housing Associations	285,000	-	-
Major repairs and improvements to Council Housing (Major Repairs Allowance)	1,510,000	1,200,000	1,200,000
Total Investment proposed	3,623,000	1,445,000	1,418,000
Prudential Borrowing	-	-	1,800,000
Thames Gateway Bids	2,050,000	-	-

The funding of the capital programme is as follows

	2003/04	2004/05	2005/06
Credit Approvals from the Government	508,000	-	-
Use of Capital Receipts	1,365,000	330,000	353,000
Capital Grants	340,000	65,000	65,000
Earmarked reserves		50,000	-
Major Repairs Allowance (HRA)	1,410,000	1,000,000	1,000,000
Total financing	3,623,000	1,445,000	1,418,000

Further information

For further information and comments regarding the capital strategy please contact

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