
CAPITAL STRATEGY

2007 TO 2011

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 that 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 District 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 Corporate Plan, which sets out what we are planning to do to deliver our priorities. The Corporate Plan is available on the Council's website, www.rochford.gov.uk
- 2.3 The key priorities identified in our Corporate Plan, which impact on the Capital Strategy, are:
- Continue the development of Cherry Orchard Jubilee Country Park
 - Implement the result of the Council's Housing Transfer Ballot
 - Extend the Cemetery at Rochford via the acquisition and preparation of new land
 - Develop recycling processes to enable inclusion of flats in the District
- 2.4 Not all priorities identified 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	
Our Performance Plan	Our Corporate Plan
Asset Management Plan/Corporate Property Strategy	Housing Strategy & Housing Investment Plan
Local Transport Strategy & Travel Initiatives	Corporate Consultation Strategy
IS/ICT Strategy	Rochford District Local Plan
Economic Development Strategy	Homelessness Strategy

Further information on these and the Council's 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 a 3 year period. 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 projects that meet the main priorities identified in paragraph 6.3.
- 4.2 The Cherry Orchard Jubilee Country Park maintains a strategic green wedge contributing to the overall environmental and recreational quality of the District and in spatial terms, helps separate the more built environment of Southend from the more rural quality of Rochford.
- 4.3 The building of Rayleigh Leisure Centre has now been completed and provides a range of activities appealing to both young and old and adding to the District's leisure offer. The new Centre is making a positive contribution to the healthy living agenda and enhances the quality of life choices for residents of the District.
- 4.4 The rolling programme of playspace refurbishment improves facilities for the District's youngsters. The equipment provided also, where possible, complies with the Disability Discrimination Act. Such improved provision impacts on meeting the needs of the community.

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 in February 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 budget.

Timetable for preparation of the Budget	
Performance Plan identifying performance over the past financial year.	July
Draft Divisional Plans produced	October
Half Yearly Review and review of Budget Strategy	November
Members AwayDay - half yearly review	November
Members AwayDay – Finalise priorities for Budget	January
Budget Setting when budget for the Council is agreed	January
Council Tax set	February
Key plans and Actions Report	February
Corporate Plan updated and agreed	April

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 where larger schemes are involved. These spending plans will come out of the priorities identified as part of the Budget Planning Process, which takes place each year. Any reports will also include any resulting revenue costs that 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 for consideration as part of the overall budget process.
- 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 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 wellbeing of the Authority. This mainly relates to the improvement of town and village centres.
- **Priority items flowing from key strategy documents**
- Schemes bringing in **external funding**

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 of 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

Capital Receipts

8.1 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 2006/07 sales of Council Dwellings have remained low in comparison to earlier years 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 The majority of the Council's asset base is currently Council Dwellings. Following a very positive tenants' ballot result, housing will be transferring to a new Rochford Housing Association during the Summer 2007. Part of the transfer arrangements will include a sharing of capital receipts from sales under the Right to Buy scheme for a period following the transfer.

External Funding

- 8.4 Heads of Service 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.
- 8.5 Current sources of funding include Government capital grants, and partnership arrangements with Essex County Council. The Council is in partnership with South Essex organisations such as Housing Associations who provide the funding for housing development on land provided by the Council. Other grants have been secured from Government for Planning Delivery, Housing Benefits and Waste Performance and Efficiency Grant.

Private Finance Initiative

- 8.6 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 reviews any opportunities that may arise, for example as a partner within a joint consortium.

Borrowing

- 8.7 The new prudential capital finance system came in effect on 1 April 2004. For any borrowing the Head of Finance, Audit and Performance Management makes 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.

Revenue Funding

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

Reserves

- 8.9 Reserves may be built up from revenue resources over time in order to pay for capital expenditure. Examples include funding town centre enhancements.

Leasing

- 8.10 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 Head of Finance, Audit and Performance Management 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 Comprehensive Performance Assessment undertaken by outside inspectors in February 2004.

- 9.3 Our key partners include Essex County Council, Parish Councils, a number of Registered Social Landlords including Springboard Housing Association, Estuary Housing Association and Swan Housing Group, leisure providers Virgin Active, South East Essex Primary Care Trust, Environmental services (Serviceteam), IT facilities Management (Sungard Vivista) and the Groundwork Trust.
- 9.4 Swan Housing Group have been given land in the district on which to build affordable housing, i.e. Tilney Avenue Playspace, and Virgin Active are our partner in the new leisure facility in Rayleigh and manage other leisure facilities throughout the District.
- 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.
- 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 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. The Crime and Disorder Reduction Strategy was drawn up in collaboration with a number of partners.
- 9.10 The Authority supports the Local Area Agreement which is designed to build a more flexible and responsible relationship between central government and local authorities and is set around four areas of: Children and Young People; Safer & Stronger Communities; Healthier Communities and older people; and Economic Development.
- 9.11 Within the Benefits department there are two partnerships in place. The first is with a private sector partner, Capita, who run the contact centre for Council Tax and Benefits. The other is a partnership with Chelmsford Borough Council for

the provision of the Business Rates (NNDR) service. Additionally, discussions are underway to explore the opportunities for providing the entire Revenue & Benefits service jointly with Chelmsford Borough Council.

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. Recently the Council has benefited from reduced prices on IT equipment following an e-auction led by the Procurement Agency for Essex.
- 10.3 The Council has recently undergone a Procurement Health Check and the results of this, when published, will be incorporated into the next review of the Procurement Strategy.

11 OPTION APPRAISAL

- 11.1 The process of option appraisal for capital projects is 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 and identified through requirements in Divisional Plans
 - Consideration by the Senior Management Team

- Agreement by the Council of the overall level of capital resources with delegated authority given to the Senior Management Team 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 In line with the Authority's Performance Management Framework, 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 and progress on meeting key priorities. Specific priorities in Corporate Documents are supported by priorities and objectives in Divisional 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 key objective for the Council is to continue to develop the performance management framework.
- 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 Senior Management Team 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 Member led sub-committees are set up to oversee progress on any major projects progressing in the year and receive monitoring reports from officers. For example, the Waste Management & Recycling Sub Committee.
- 13.7 The Council uses the Council's newspaper, Rochford District Matters, to publicise the progress and outcomes of major capital projects carried out. 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.
- 13.8 The Performance Plan reports on the achievements of the previous 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.
- 13.9 Heads of Service are accountable for capital projects within their departments and each capital project has an identified Responsible Officer.

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.

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