

ROCHFORD DISTRICT COUNCIL – CAPITAL STRATEGY 2004 TO 2009

To maximise the use of available capital resources for the good of the district

1. INTRODUCTION

- 1.1 This Capital Strategy seeks to build on the previous strategies approved by the Council in 2002 and 2003. It sets out how the Council intends to maximise the use of available capital resources in order to achieve its objectives. 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 This document should be read in conjunction with the Capital Programme for 2004/05 to 2010/11 which gives the detail of the capital investments and financing requirements. (See Appendix 1 for Capital Programme).
- 1.3 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.
- 1.4 The Capital Strategy is a corporate document that has involved consultation with officers from all departments of the Council. The Strategy is approved by the Corporate Management Board consisting of the Chief Executive and Corporate Directors, and by the Full Council.
- 1.5 A context sheet is attached at Appendix 2.
- 1.6 A major change from last year has been the introduction of the new capital financing system, the Prudential Framework. This now requires authorities to demonstrate that capital expenditure is affordable and prudent and consider the impact on council tax and housing rents.

2 OUR VISION AND KEY PRIORITIES

- 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 for 2004/05 are:
 - ❖ Complete the refurbishment of Clements Hall Leisure Centre
 - ❖ Progress the new Sports/Leisure Centre on the former Park School site
 - ❖ Progress the Housing Option Appraisal Process on the Council's Housing Stock

- ❖ Upgrade Council offices to provide improved meeting facilities and better access for the disabled
 - ❖ Agree the Council's longer-term accommodation needs
 - ❖ Complete disabled access works to sports grounds and changing pavilions
 - ❖ Complete the refurbishment of the remaining four public toilets
 - ❖ Agree an improvement plan arising out of the Comprehensive Performance Assessment
 - ❖ Roll out kerbside recycling to all households in the District
 - ❖ Implement on-street parking enforcement
 - ❖ Meet efficiency targets contained with the Public Service Agreement with County Council.
- 2.4 The Council's key priorities for 5 years and beyond include:
- ❖ Development of Cherry Orchard Jubilee Country Park
 - ❖ Provide affordable homes to meet local needs
 - ❖ Upgrade Rayleigh Windmill and environs
 - ❖ Implement the result of the Council's Housing Option Appraisal Process
 - ❖ Complete a review of the organisation structure
 - ❖ Improve customer focus in the delivery of services
 - ❖ Review and re-tender refuse collection, grounds maintenance and street cleansing contracts
 - ❖ Prepare a new Local Development Framework
 - ❖ Improve performance on statutory indicators compared with other councils
- 2.5 Not all the priorities identified in the Council's Performance Plan for 2004/05 and beyond 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 SOURCES OF CAPITAL FINANCING

3.1 Funding from Capital Receipts

The main source of capital receipts is from disposal of housing stock through the Right to Buy scheme which generates around £1.2m in receipts, of which 25% is available for capital investment. The new Pooling of Capital Receipts regime came into effect from 1st April 2004. Although this will not affect the amount available for capital investment, the pooling of the set-aside portion will reduce the Council's income from temporary investments. This loss of income has been taken into account in the 5-year Budget Strategy.

- 3.2 Other sources of funding are from 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.
- 3.3 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.
- 3.4 For the last few years, the Council has taken advantage of the Local Authority Social Housing Grant to support social housing investment in the district. This scheme has now been closed by

the Government but provision has been included for support of housing associations for two years.. The two years represents the guaranteed period of safety covering the conversion from the current policy to one based on regional/sub regional criteria.

- 3.5 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.
- 3.6 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.
- 3.7 The new prudential capital finance system came in effect on 1st April 2004. There are no plans to use the new powers of borrowing in 2004/05. The Council envisages that the first use of the powers will be in 2005/06 to fund a 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.

4 WHAT INFLUENCES THE CAPITAL STRATEGY

- 4.1 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 are:

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| ❖ The National Agenda | ❖ Crime & Disorder Reduction Strategy |
| ❖ Community Strategy | ❖ Cultural Strategy |
| ❖ 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 | ❖ Economic Development Strategy |
| ❖ Housing Option Appraisal | ❖ Homelessness Strategy |

4.2 The National Agenda

Since 1997 the Government has introduced a range of measures aimed at developing better local leadership and focussing on service delivery. A Local Public Service Agreement (PSAs) between Government and Essex County Council has been signed and focuses on improvements in several areas. Rochford have signed up to contribute in a number of areas.

4.3 Community Strategy

A partnership has been set up with representatives from statutory agencies, local businesses, the community and voluntary groups to form the Local Strategic Partnership (LSP). Following substantial consultation including surveys and focus groups, the Community Strategy was approved by the LSP in March 2004 and published. The Strategy provides a long term vision for the area, with achievable outcomes; an action plan identifying shorter term priorities and actions and a shared commitment from a variety of agencies, not just the District Council, to implement the plan. The Strategy covers safety, the environment, education and jobs, healthy living, getting around and inclusivity. Any resource requirements for capital investment will be identified and included in the Draft Capital Programme.

5 Our Performance Plan 2004

This is a combined document which draws together the key priorities (see paragraphs 2.3 and 2.4) for the Council for the forthcoming year and assesses performance against the priorities set in the previous year's Plan. It effectively is an amalgamation of the Council's Corporate Plan and the annual Best Value Performance Plan.

5.1 Asset Management Plan/Corporate Property Strategy

This Plan was assessed as Good by the Government's regional office in 2002. It looks in detail at the condition and use of the Council's assets and includes a number of key performance indicators and performance monitoring framework. The Corporate Property Strategy has produced a systematic review of property and disposal/re-allocation of unused and under-used assets over the last four years. Disposals have generated capital receipts which have been made available for the Capital Strategy

5.2 IS/ICT Strategy

This is a cross-cutting Strategy for improving the delivery of a wide range of Council services in a co-ordinated way. The 2004/05 strategy has been approved by Government and grant of £350,000 has been made available for capital projects.

5.3 Housing Option Appraisal

The Deputy Prime Minister launched the Communities Plan in February 2003. The Plan sets out a long-term programme of action for improving communities. It aims to tackle housing supply issues in the South East, low demand in other parts of the country, and the quality of our public spaces.

The Communities Plan requires all local authorities to set out, through an Option Appraisal process, how they will achieve and maintain the Decent Homes Standard for their own housing stock. The Standard is a Government commitment to bring all public sector homes up to a decent standard by 2010.

The Option Appraisal has to be signed off by the Government Office for the Eastern Region by July 2005. Local authorities that cannot show that they will have sufficient financial resources to achieve and maintain Decent Homes, and even those that are able to, will be required to look at a number of options for the future of their housing service.

Rochford District Council started this process in March 2004 and have recently sent issues of Decide your Future magazine to all tenants and leaseholders, along with the government produced booklets, explaining what this will mean for your District. Roadshows have been held throughout the district to allow all interested parties to come along and ask questions.

6 CROSS CUTTING ISSUES

- 6.1 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 8.4.
- 6.2 In partnership with Essex County Council, we are nearing completion of the major town centre regeneration schemes which aim at enhancing economic and physical wellbeing, upgrading the town centre infrastructure, improving community safety and improving traffic circulation. The regeneration scheme in Rochford Garden Way, Rochford, involving the conversion of two empty shops into flats has made a physical improvement to the area, has added two properties which are now available for housing the homeless and tackle crime and disorder nuisance issues.
- 6.3 The refurbishments of the Public conveniences will not only improve the facilities but will also include design features to reduce the level of vandalism.
- 6.4 The programme of works to comply with the Disability Discrimination Act will also improve the facilities on offer to visitors to the district and council offices. Visitors to the Council will have the option of private interview room and better facilities for all our customers.
- 6.5 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.
- 6.6 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. This is a corporate approach to procurement and further details on this are given in Section 9.

7 **THE BUDGET PROCESS**

The process for setting the revenue and capital budgets was changed in 2003 for the 2004/05 cycle. Leading into the budget setting process, a Members awayday is held to identify priorities and non-priorities for the coming years. 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.

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 2005/2006 budget.

Timetable for preparation of 2005/2006 Budget	
❖ Performance Plan 2004 Corporate Plan identifying objectives/priorities is published	- June 2004
❖ Consultation with Local Chambers of Trade	- October 2004
❖ Members AwayDay around half yearly review	- 20 Nov 2004
❖ Half Yearly Review and Review of Budget Strategy	- Nov 2004
❖ Final views from Chambers of Trade	- Dec 2004
❖ Ongoing issues relating to Budget Strategy	- Nov-Jan 2005
❖ Members AwayDay on 2005/2006 Budget	- 22 Jan 2005
❖ Budget Setting meeting	- Jan 2005
❖ Council Tax set	- Feb 2005

8 **PRIORITISATION OF CAPITAL INVESTMENT**

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 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**
- 8.5 For the current strategy, the major demands are the development of leisure facilities at the former Park School site, the need to put in place reception facilities at our main offices which ensure compliance with the Disability Discrimination Act and review the office accommodation to ensure it is fit for purpose to deliver services in the 21st Century.
- 8.6 The main part of the capital investment will be dedicated towards delivering the Government's target for Decent Homes standards by April 2010.
- 9 **WORKING WITH PARTNERS AND THE COMMUNITY**
- 9.1 Partnership working is important in that it enables the Council to deliver projects that would otherwise be beyond its capacity.
- 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 started during 2004/05.
- 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 and the service will be extended authority wide during 2004/05. 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 (See Appendix 3)

- 9.11 The Council has attracted £350,000 of funding from DEFRA towards the cost of initiatives for recycling.
- 9.12 During 2003/04 a number of parcels of Council owned land were transferred to the Swan Housing Group at nil cost for housing developments to include affordable housing for people with learning disabilities, young people at risk and a joint scheme with Castle Point Borough Council to provide accommodation for women escaping domestic violence. The Council's Housing Needs survey identified a range of client groups where there was a shortfall in properties suitable for their needs. The transfer of land and subsequent housing developments by Swan Housing Group meet the identified strategic housing needs. The Council will continue to look at ways of maximising the use of its capital assets in order to benefit the community.

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.
- 10.2 In addition the Council will observe external rules or regulations that govern procurement including the EU procurement directives.
- 10.3 The Council is keen to develop new and better procurement methods in order to improve the services it provides to residents. A number of initiatives are currently underway in order to help achieve improvements including:

10.4 **IdEA Marketplace**

The Council has entered into a strategic collaborative e-procurement project with Essex County Council and a number of other local authorities. IdEA Marketplace is a system of on-line ordering with electronic links to suppliers which enables participating authorities to share best practice in sourcing supplies and services. It is further anticipated that by, using this system, back office efficiencies will be achieved, together with more competitive prices for goods and to encourage local small and medium sized enterprises to take advantage of e-trading.

10.5 **Procurement Strategy**

In October 2003, the Office of the Deputy Prime Minister published the National Procurement Strategy. Whilst Rochford has had a procurement strategy in place since 2001, it will not meet the requirements of the National Strategy. Rochford has therefore joined the Procurement Agency for Essex to review our Procurement Strategy. By working with the agency, we will identify more effective methods of contracting services and supplies, take advantage of economies in scale and at the same time, develop corporate standards which seek to ensure quality, equal opportunity, competition, sustainability and economic regeneration.

10.6 **Procurement Methods**

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.

- 10.7 The Council has a rolling programme for playspace refurbishment. A brief is prepared defining the Council's requirements. Tenderers are asked to provide a design to meet the budget that has been set. This process fits in with the current Procurement Strategy by reducing the risk of cost overrun, defining the budget and optimising the use of staff resources and using the expertise of the tenderers to design the schemes. The results have been encouraging with all manufacturers supplying very detailed, competitive schemes to the value indicated. The selection of each scheme was based on the quality of proposal, rather than on cost.

- 11 In the past, contracts for housing works have been let up to a maximum of one year. It is planned to let a small value of works to a contractor who has been successful through the current tendering process and then review their performance. If it meets agreed criteria, the Council will enter into a 3 year partnership agreement with the contractor, this should result in cost savings.
- 12 **OPTION APPRAISAL**
- 12.1 The process of option appraisal for capital projects will be followed in accordance with the arrangements published as part of the budget review process.
- 12.2 All bids for new 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.
- 12.3 It is then a Member decision if the capital bid is agreed and which option is selected for inclusion in the Draft Capital Programme.
- 13 **PRODUCTION OF THE CORPORATE CAPITAL PROGRAMME**
- 13.1 The production of the corporate capital programme will be undertaken as part of the Council's budget process and will involve:
- ❖ The Head of Financial Services 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.
- 14 **MONITORING AND EVALUATION**
- 14.1 Performance against the Plans and Strategies identified in Paragraph 4.1 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.
- 14.2 All decisions made at Council and Committees are monitored and progress is reported on a quarterly basis until they are implemented.
- 14.3 A key objective for the Council as a whole during 2004/05 is to develop the performance management framework to secure a more consistent approach to assessing outcomes and addressing variations in performance.
- 14.4 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.
- 14.5 At regular intervals, reports are made to Member committees on the capital programme.
- 14.6 During 2004/05, the FPG will be identifying suitable performance indicators for monitoring capital expenditure and the contribution it makes to meeting of the Council's objectives. The Council have joined the South East Essex Forum, co-ordinated by Government Office – East Region, in order to share best practice in this area.

- 14.7 Member led sub-committees are set up to oversee progress on major projects, eg the Town Centre Improvement works (Hullbridge Town Centre sub-committee) or Windmill Restoration project (Windmill Sub Committee) and receive monitoring reports from officers.
- 14.8 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.
- 14.9 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.
- 14.10 Heads of Department are accountable for capital projects within their departments and each capital project has an identified Responsible Officer.
- 14.11 The Head of Financial Services 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.

15 REVIEW OF THE CAPITAL STRATEGY

- 15.1 The Capital Strategy is reviewed annually in order to inform the budget process.
- 15.2 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.