



# Capital Strategy 2008-2011



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## 1.0 Introduction

This capital Strategy sets out the Council's priorities and approach to capital investment. It is the corporate framework within which capital investment is procured, operated and evaluated by the Council. It explains:

- How the strategy fits with other plans and strategies
- How we set priorities and decide between competing demands for resources
- How we manager the process including working with partners.

## 2. Corporate Context

- 2.1 Since the Council's previous Capital Strategy was approved in 2006 the Council has continually developed it's Council Delivery Plan and integrated service and financial planning to ensure continual improvement and delivery of the Council's priorities.
- 2.2 In May 2007 a new administration was elected. The new Council reviewed and revised the existing Council priorities to align with the vision of the Local Strategic Partnership (LSP) and the Local Area Agreement (LAA) priorities:

<b>Proposed externally focussed strategic aims for the District Council</b>	<b>NWL Existing Externally focussed strategic Aims</b>	<b>LAA Priority Areas</b>
<b>Healthy Communities</b>	Healthy, Fulfilled Population	Health
<b>Strong and Safer Communities</b>	Safer Communities Strong Inclusive Communities	Safer Communities Stronger Communities Older People Children & Young People
<b>Prosperous Communities</b>	Local Prosperity and Employment	Economic Development
<b>Sustainable Communities</b>	Enough Decent and Affordable Homes Attractive Sustainable Environment	Cleaner Greener

Together with these externally focussed strategic aims there will also be an internally focused aim around “**Organisational Development**” to replace the current “Quality, Good Value, Accessible Services” strategic aim.

To support these five overarching strategic aims, 7 corporate improvement priorities are proposed.

### **Priority 1 – Children and young people**

Residents' surveys identified the area most in need of improvement is activities for teenagers. Providing facilities and activities for young people is highlighted as a priority, as well as acknowledging spin off benefits such as tackling childhood obesity and reducing anti social behaviour and the fear of crime. In addition, there is a requirement on local authorities to engage young people in local democracy.

#### **Outcomes:**

- To listen to the voice of Children and Young People and deliver the Council's Engagement Plan
- To provide places to go and things to do for the Children and Young People
- To offer work experience, training and employment opportunities for Children and Young People

### **Priority 2 – Community Safety**

People of the district also tell us that as part of North West Leicestershire being a district of choice, they need to feel safe, part of a wider community and listened to.

#### **Outcomes:**

- To reduce levels of crime and disorder
- To work in partnership to pro-actively tackle anti-social behaviour
- To enhance public reassurance by reducing the fear of crime, and increasing confidence in the crime reduction agencies

### **Priority 3 – Revitalise Coalville town centre**

Coalville is North West Leicestershire's main town and the town centre has lagged behind the economic success enjoyed elsewhere in the district. There are significant opportunities for development and growth associated with a growing district and as community leader; the Council will play a key role in ensuring that Coalville town centre benefits from this unique set of opportunities.

#### **Outcomes:**

- To improve the town centre which will lead to a considerable increase in footfall, business turnover and profitability
- To improve public perception of Coalville as a place

### **Priority 4 – Improve the Planning Service**

The Planning service has a key role in developing places in the district so "North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home" (LSP Vision).

In order to achieve this, the focus of planning will be towards quality outcomes as well as improving the process and style of the planning service.

Progress is already being made with an IDEA review and the Fundamental Improvement Plan. Nonetheless, there's more to do in ensuring that this service

becomes 'best in class' and this is why the service has been prioritised for sustained improvement focus during the coming municipal years.

Outcomes:

- To improve customer satisfaction with a planning service focussed on quality outcomes as opposed to process
- Built development in the district is of award winning high quality, and will significantly contribute to an unique sense of place for the district

**Priority 5 – Increase recycling and reduce waste**

Waste management is one of the most pressing environmental issues facing the district. We are however, building on a position of strength, with glass collection being rolled out to all households by the end of this financial year. Our existing approach provides a firm platform on which to build in delivering customer focused, efficient, high performing waste management services with high levels of participation and satisfaction.

Outcomes:

- A greater proportion of waste within the district will be recycled
- Ultimately the recycling proportion of waste will be greater than the proportion of waste going to landfill

**Priority 6 – Affordable Housing**

There is growing disparity between house prices and average earnings. The average earner in North West Leicestershire now needs a mortgage that is equivalent to over 7 times their earnings if they are to purchase an average house. To a significant number of people this is not an affordable option and therefore alternative methods of providing housing/homes is proposed as a Council priority.

If we are to develop sustainable communities, we need a district that accommodates all - regardless of where they are in life – be this from starter homes to family homes to retirement homes. Nonetheless, the most pressing need is for people wishing to get their first foot on the housing ladder without leaving the district – often the place they were born and grew up.

Changes in planning policy can seek to incorporate affordable housing percentages within new developments. However there are also financial reasons to place this as a priority. The Council can seek to access significant grant funding opportunities to bring back into the housing market more properties from the private landlord sector.

Outcome:

- Increasing the supply of affordable homes in the District
- Attracting inward investment from the Housing Corporation and Registered Social Landlords
- Improving conditions in the private sector and bringing empty properties back into use

## **Priority 7 – Transforming Services**

Working together effectively as one Council and in partnerships to develop effective and efficient service delivery models, protocols and infrastructures to provide an enhanced customer experience operating in an optimal organisational model.

### **Outcome:**

- The organisation will not only work more efficiently, but it will adopt a professional and cost conscious approach to service delivery.
- A high quality, high performing organisation that will cultivate a culture of development and improvement
- Ability to measure and therefore base improvements on factual data rather than belief
- Increased and recurring cashable efficiencies
- Reduced costs associated with maintenance, support and overheads
- Resilience in partnerships and key public, private and technology partners
- Release of assets and space for re-use, consolidation or alternative purposes

### **In summary the 7 proposed priorities are:**

- 1) Children and young people
- 2) Community safety
- 3) Revitalise Coalville town centre
- 4) Improve the Planning service
- 5) Increase recycling and reduce waste
- 6) Affordable housing
- 7) Transforming services

2.3 The Council Delivery Plan guides the use all resources, including capital, to secure the achievement of the Council's aims. It is supported by the Medium Term Financial Strategy and together these drive the Service Plans, operational activity and individual performance appraisal requirements. Of particular relevance for this period will be the decision regarding the future of the housing stock and the delivery of the Service Transformation Programme. Should the Council retain the housing stock, investment to achieve the Decent Homes Standard (DHS) and in operational property and IT infrastructure to facilitate the Service Transformation programme are key part of our plans.

### **3 Corporate Policy Framework**

- 3.1 The Council's Policy Framework provides a framework for the implementation of desired targets, standards and outcomes. It provides a focus for responding to particular needs or issues, a platform for joined-up working, encourages innovation and provides a mechanism for accountability. Good government is increasingly seen to require effective methods of business planning: to set down how resources are to be deployed, for what purpose, and with what desired outcomes to individual staff targets in the appraisal process – so linking strategy with individual staff's performance.
- 2.6.1 The Capital Strategy and Asset Management Plan are important components of the Council's Policy Framework and support an overarching framework comprising the LSP, Council Delivery Plan, Human Resources/Workforce Strategy and Medium Term Financial Strategy.
- 3.3 Our Capital Strategy will be to maximize the use of capital resources to deliver the priorities set out in the Council's Delivery Plan.

#### **4.0 Smartplan**

- 4.1 Smartplan is the term given to the Council's service and financial planning framework and is a key process.
- 4.2 The process was first developed in 2006, reviewed in early 2007 and improved for implementing for the 2008/2009 budget setting. Service plans were developed to deliver Council priorities within an allocation of the estimated resources. These plans only included service developments that could be funded from within the resource allocated. In addition to this £250,000 was set aside to fund determined corporate improvements.

The Council Delivery Plan is then developed from the completed service plans.

## 5.0 Resource Background

- 5.1 Set out below is a summary of the Council's assets and its plans to use its resources to invest for the future.
- 5.2 The Council's assets as shown in the balance sheet as at 31 March 2007 are summarised below:-

	Value £m
<b>Operational Assets</b>	
<b>Council Dwellings</b>	221.0
<b>Other</b>	
Land and Buildings	28.5
Community Assets	
Vehicles, Plant, Furniture and Equipment	1.5
Infrastructure Assets (See note 1 below)	
<b>Non - Operational Assets</b>	
Investment Properties	
<b>Total</b>	251.0

\*1 Infrastructure assets include those such as roadways and sewers that will have little or no specific value associated with them. Any costs are written down over a specified period of time.

- 5.3 The Council's Asset Management Plan (AMP) sets out comprehensive details of our asset management objectives.

## 6.0 Capital Programmes

A summary of the capital programmes agreed in February 2008 is given below.

### 6.1 General Fund

	£'000
<b>Resources</b>	
Brought Forward	35
Disabled Facilities Grant (60% of spend on home improvements)	200
Unsupported Borrowing*	226
RCCO - insurance contribution	25
- ICT budgets 2007/2008 and 2008/2009	54
	540
<b>Approved Schemes</b>	
Thringstone Bowls Club**	0
Thringstone Miners Welfare	15
<b>New Schemes</b>	
Home Improvements for disabled	333
ICT improvements (Service Transformation Programme)	165
Land Charges Software	27
	540

\* may be reduced by capital receipts/earmarked balances

\*\* Scheme approved in 2006/2007. Alternative proposal now included in Coalville Special Expenses (Part C).

### 6.2 Housing Revenue Account – 2008/2009

Capital expenditure will be predominantly funded from the Major Repairs Allowance, known as MRA (£2.671m). Capital Receipts from the sale of Council houses, whilst showing some buoyancy in the third quarter of the current year are assumed to be minimal in 2008/2009. However, should there be an upturn in that market the resultant capital receipts will be applied to achieving the Decent Homes Standard. The following provides some detail of the intended programme. A detailed programme to deliver the decent homes standard is currently under consideration by officers, and its production and delivery timetable is linked to the developing situation regarding the Councils stock transfer proposal.

	<b>£'000</b>
Aids and Adaptations	170
Upgrade of sheltered housing alarm systems	75
Major voids	300
Tenants bids	50
	595
Decent Homes Programme (year 3)	2,076
	2,671

### 6.3 Coalville Special Expenses

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>RESOURCES</b>			
Contributions from revenue - Specials In Year	21	21	21
- Improvement Fund	30	20	10
External Funding	11	11	-
Resources brought forward from Previous Year	8	20	
	70	72	31
Coalville Christmas Decorations	10	10	10
Coalville Park Green Flag Standard	10	-	-
Community Gardens	2	2	2
Scotlands Recreation Ground new/refurbish changing rooms	-	60	20
Matched funding	10		
	32	72	32
Carried Forward required to fund following years commitments	20	-	-
	52	72	32
<b>UNALLOCATED RESOURCES</b>	<b>18</b>	<b>0</b>	<b>17</b>

6.4 As can be seen from the above tables the availability of funding is limited unless borrowing is increased or additional external funding is secured.. Priority has been given to Disabled Facilities Grants and ICT infrastructure improvements to support the Service Transformation within General Fund: and work to deliver the Decent Homes Standard in the HRA. The programme for Coalville Specials has been updated from the three year programme approved in 2007.

## 6.5 **Priorities in the Medium Term**

It will be noted that no plans have yet been agreed beyond 2008/2009 for either housing or general fund capital expenditure. The reasons behind this are explored below:

### **a) Housing**

As mentioned earlier in this strategy a decision is expected during 2008/2009 regarding the future of the housing stock. Once that decision has been taken, then future investment plans will be developed and presented to members for decision. In the meantime preparatory work is underway to revise the current estimate of resources required to meet the Decent Homes Standard, should the decision be to retain the stock, or there be an unsuccessful stock transfer ballot. A managed asset disposal programme would allow the Council to take advantage of the preferential arrangements for use of capital receipts on housing related activities, and this is one of the funding options we will need to consider.

A majority of the funding for the housing capital programme comes from the Major Repairs Allowance, which is allocated to us by Government through the national housing subsidy system. This system is currently undergoing a fundamental review which is due to conclude in "spring 2009", and the level of resources available in future years could change significantly as a result of this. This will be carefully considered as part of our medium term capital planning.

### **b) Other Services (General Fund)**

Early in 2008, the Council will undertake a review of all its non-HRA assets. This exercise will result in decisions being taken regarding, the retention, disposal and investment requirements of each asset. This will inform both the development of the capital programme and the allocation of Asset Protection Funds. The Asset Management Plan will be updated with the relevant details as they become available.

There are significant issues relating to the Hermitage Leisure Centre, and a feasibility study of the options available to the Council has recently been received. In addition to this, one of the Council's main priorities is the regeneration of Coalville Town Centre. A visioning exercise has recently taken place.

The results of both of these pieces of work will have a significant impact on future years capital programmes.

The Service Transformation Team will be fully operational in March 2008. It is likely that further investment will be required in the Council's ICT Infrastructure, as identified in the approved ICT Strategy. The early findings of the Service Transformation Team will also inform the development of the Capital Programme in the medium term.

Investment plans need to be aligned with those of our LSP partners to ensure delivery of the LAA priorities.

Project proposals for future years will be developed in the first half of 2008/2009 wherever possible.

## **7.0 Evaluation and Monitoring of Schemes**

Capital resources are very limited and thus in developing the 2008/2009 capital programs, priority was given to Disabled Facility Grants, ICT infrastructure improvements and meeting the Decent Homes Standard for Council properties. The Council has adopted a project management methodology, based upon Price 2 principles. Any major project requires the mandate and Business Plan to be approved by the Corporate Leadership Team prior to commencement

The Council has trained all its project managers in project management and detailed guidance is available for their use. The delivery of projects within the allocated budget is key.

Performance Management is now embedded within the organisation. The monthly reporting to CLT has given greater scrutiny of progress on schemes and enable corrective action to be taken if appropriate. A report also goes to members on a quarterly basis.

The Council has specialist procurement staff, who provide the Council with expertise and access to specialist procurement expertise.

## **8.0 Consultation**

The Council does not work in isolation from others, but has a history of working successfully with a wide range of key partners including other public bodies, the private sector and the voluntary sector. The Council recognises the need to work with others at a local, regional, national and European level to ensure the interests of the community are served and protected.

By working with partners, the following benefits are hoped to be achieved:-

- Leverage in additional external funding.
- Ensure improved use of sites, whether or not in the ownership of the Council.
- Ensure the future sustainability of projects.
- Support others in development of projects which meet corporate aims.
- By working collaboratively and in partnership to achieve savings and efficiencies.

## **9.0 Revenue Consequences**

The Council's Medium Term Financial Strategy, which is closely linked to this strategy, outlines a projection of the Council's revenue resources until 2011. The Medium Term Financial strategy takes account of all revenue effects of the capital programme to ensure that the decisions taken are sustainable into the future.

Our Prudential Code requires the Council to set prudential limits for servicing debt from 2004. The use of Prudential Borrowing to finance appropriate capital projects in future will be considered if affordable, i.e. invest to save schemes.

The Council has in place a comprehensive risk management process which includes a Risk Management Team reviewing risks on a regular basis.

## **10.0 Financing the Capital Strategy**

The Capital Strategy needs to have regard to the financial resources available to fund it. The main sources of funding are detailed below:-

- Capital Receipts – primarily resulting from the sale of the Council's assets and as defined in the Council's disposal strategy.
- Capital Contributions – including contributions from developers (often under Section 106 Planning Agreements) and grants towards specific schemes.
- Use of Council's own resources – either by revenue contributions to capital, or use of earmarked reserves.
- Borrowing – the Council now has more freedoms to borrow under the Prudential System provided it can demonstrate that it has the resource to service the debt. Increasingly this area is being considered particularly where invest to save schemes exist or for investments that will have a significant life.
- Major Repairs Allowance – government funding for the improvement of our housing stock

The Council is small and has few schemes suitable for a PFI approach, however any opportunities that do become available such as Affordable Housing in the context of Housing PFI will be fully explored.

## **11.0 Assessment and Review**

This strategy will be subject to annual assessment and will be fully reviewed every three years, in line with the Government's Comprehensive Spending Assessment years.