

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 22 SEPTEMBER 2004

REPORT OF THE FINANCIAL SERVICES MANAGER

CAPITAL STRATEGY 2004-07

1 Executive Summary

- 1.1 Attached at Appendix A is the draft Capital Strategy for 2004-07. The Executive is invited to comment on the draft strategy before it goes to Full Council in October.

2 Introduction

- 2.1 The ODPM have recently removed the requirement for the Council to submit to Regional Government Offices the annual Capital Strategy and Asset Management Plan. However it is deemed to be good practice to continue to prepare an AMP and Capital Strategy annually.
- 2.2 The Capital Strategy is a summary of the Council's approach to capital investment including:-
 - Development and ongoing management of the Capital Programme,
 - Partnership working on capital projects,
 - Consultation, and
 - Performance measurement.

3 Capital Strategy 2004-07

- 3.1 The revised draft Strategy for 2004-07 is attached at Appendix A. It has been updated from the 2003 version by taking recent developments in the Corporate Strategy and other corporate developments and incorporating them into the revised document.
- 3.2 The Review Board has already considered the draft document and Appendix A takes into account their comments. The Executive is requested to note the Strategy and suggest amendments as appropriate.
- 3.3 After consideration by the Executive the Capital Strategy is programmed to go to the October Full Council meeting.

4 Recommendation

- 4.1 The Executive are requested to note the attached draft Capital Strategy for 2004-07 and to make comments on the content prior to submission to Full Council.

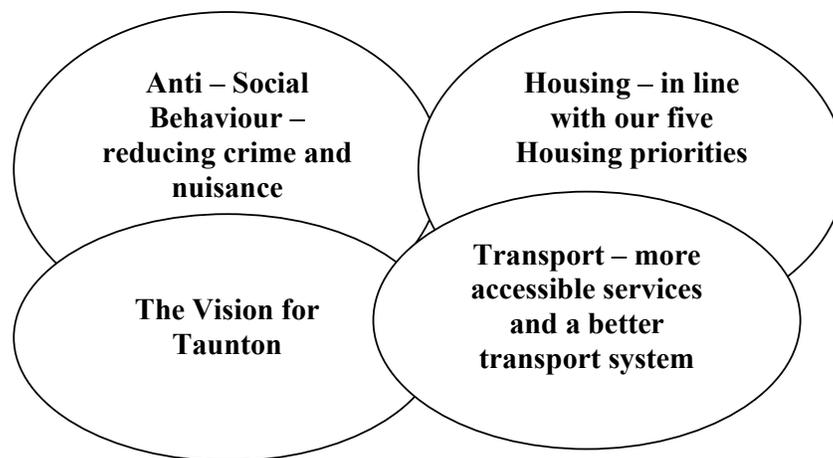
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Taunton Deane Borough Council Capital Strategy 2004-2007

Appendix A

1 Our Priorities

- 1.1 This Capital Strategy shows how Taunton Deane BC sets the direction of its capital spending plans, and also considers the effective utilisation of our capital assets and resources.
- 1.2 Full Council will be considering the updated Corporate Strategy in October 2004; this will help focus resources towards four key areas within our six agreed corporate priorities; which are our prime drivers for the medium term. The four areas are:



- 1.3 The Corporate Strategy sets out clearly which projects the Council will implement and lead on. Naturally these priorities give focus to our service planning and budget process and our revenue and capital resources will be directed to the projects in this strategy.
- 1.4 Below are actions within the Corporate Strategy that show how the Council will use its capital resources to achieve our priorities:
- **The Vision for Taunton** – partnership funding from the Borough Council, the County Council, the Regional Development Agency and the Environment Agency will kick start this exciting development. Developer contributions will enable the development of social housing, education, open spaces, cultural and transport initiatives within the Vision area. Capital receipts gained from the sale of assets and land disposals arising from the Vision, will be re-invested to deliver this priority project. This Council is currently reviewing all of its land holdings to ensure it is in a strong position to support the delivery of this key project. A land strategy will be developed to support this over the coming months.

- **Transport** – Taunton has recently been designated a Principal Urban Area and needs to ensure that there is sufficient transport investment to meet these demands. To do this the Council supports the North West Taunton Package and has provided £399,000 in its budget for its contribution. In addition a further £200,000 will be made available if required by the County Council. The Council also supports the operation of a Park and Ride site east of Taunton. Finally the Council has budgets for improving the performance and safety of its car parks.
- **Anti-Social Behaviour** – the Council plays a key role in this area through the local Crime and Disorder Partnership. The majority of Council support in this area relates to revenue support, however many schemes in the capital programme contribute towards this priority. For example the refurbishment of public conveniences and the removal from the Council’s asset base of derelict/poorly maintained assets reduce opportunities for anti-social behaviour. Many of the improvements to the Council’s housing stock ie double glazing programmes and door entry systems contribute to the reduction of crime. In addition the Council will secure funding for a re-locatable CCTV system.
- **Housing** – the Council as a major landlord has a significant capital programme, ranging from investment in its own stock to investment in the private sector through to grants to Registered Social Landlords and grants for private sector household renovation projects. The total housing capital programme for 2004/05 totals £7.4m. The Council has recently resolved to ballot tenants on a Large Scale Voluntary Transfer, which, if endorsed by tenants will result in the creation of a Housing Association separate from the Council.

2 **Capital Assets – Taunton Deane in Context.**

- 2.1 The Council is an active Housing Authority with over 6,000 Council Houses and Flats. In addition the Council owns several Leisure Centres, Parks, Car Parks and other operational assets. The Council also has numerous land holdings and investment properties. The value of the total asset base of the Council is in excess of £380m. Further details may be found in the annual Statement of Accounts for 2003/04.

3 **The Capital Programme**

- 3.1 A summary of budgeted capital spending for the period 2003/04 to 2006/07 is shown below. This covers a period of four years for General Fund services and two years for Housing services.

Portfolio	2003/04 £000	2004/05 £000	2005/06 £000	2006/07 £000	Total £000
Corporate Resources	419	290	85	85	879
Eco. Dev. Tourism & Council Businesses	479	653	127	0	1,259
Environmental Policy	705	120	0	0	825
Housing	5,788	7,410	0	0	13,198
Leisure, Arts & Culture	3,162	420	117	117	3,816
Planning & Transportation	673	30	0	0	703
Total	11,226	8,923	329	202	20,680

3.2 The Council recognises that the Capital programme must be affordable and it carefully monitors the resources available to finance the programme. The majority of capital investment will come from revenue contributions, capital receipts or new borrowing. New capital schemes, which generate additional revenue income, will, where possible, be funded through revenue contributions. For example refurbishments to the Taunton crematorium are being funded through increased income receipts. This enables some projects to be resourced on a self-financing basis.

3.3 We will seek to maximise capital resources by the following actions:

- The disposal of surplus property and other assets in line with our land strategy,
- Making the most of partnerships with other organisations,
- Seeking National Lottery funding (where applicable),
- Bidding for Central Government Grants (ie E-Govt),
- Securing S106 agreements,
- Making appropriate contributions from Revenue to fund specific capital schemes,
- Borrowing in line with the requirements of the “Prudential Code”,
- PFI & PPP partnership working (although no schemes have been identified as yet).

4 Capital Investment Prioritisation and Bidding Regime

4.1 The Authority has in place an established system to enable Corporate Management Team and the Executive to prioritise bids for new capital schemes. This system is known locally as the Project Appraisal Report (PARs) system. The purpose of the PAR is to provide comprehensive information on each new scheme, thereby enabling informed choices to be made

4.2 A PAR requires the following areas to be considered:

- Project Outline and Description,
- Category of Scheme (ie legal obligation, service necessity, service maintenance or service necessity),
- Establishment of Need – appropriate analysis of need and rationale,
- Fit with Corporate Priorities,
- Fit with Service planning objectives,
- Sustainability,
- Option appraisal – ie “do nothing”, full scheme, partial scheme, scheme provided by other agencies, scheme provided through partnership working,
- Risk identification,
- Overall project evaluation,
- Resource implications, capital and revenue, monetary and non-monetary,
- Timescale for implementation,
- Recommendations.

4.3 The Council is enhancing the PAR process through the development of a model which will score both financial and non financial factors when considering capital investment. This will be complete by Autumn 2004. The scores generated by the model will be used to decide which schemes are recommended for inclusion in the capital programme.

4.4 It is important that we do not forget the impact on the revenue budget of capital decisions, therefore the Council’s Medium Term Financial Plan includes specific details on the likely impact of the capital programme on the revenue budget.

4.5 The Council recognises that it is prudent to ensure that not all capital resources are committed at any one time and therefore the level of unallocated resources is carefully monitored. This enables financial flexibility to be retained in the event of new unexpected opportunities presenting themselves.

5 **Management of the Capital Programme**

5.1 The capital programme is reviewed and reported on a quarterly basis (along with all other budgets of the Council) to ensure not only spend against budget but also progress of each scheme against other non-financial aspects such as timetable and construction progress.

5.2 The process of strategic risk management is employed for high spend/risk/profile capital projects. Where applicable, multi discipline project teams are formed to manage these schemes and to report progress and risks to Corporate Management Team on a regular basis. Post project reviews are used to improve overall future project management techniques.

6 Partnership Working

- 6.1 The Council already works with a number of key agencies and bodies within the Borough. The Council chairs the Local Strategic Partnership, which includes representatives from the voluntary sector, private business and other public sector bodies such as the County Council and the Health Authority. The LSP is developing our Community Strategy and this is helping to shape the Councils Corporate Strategy and our key priorities. Ultimately this shapes the way in which Council services are delivered. This is shown below:



- 6.2 We recognise that the Council needs to work with partners to provide services that benefit the Borough. We cannot ignore the expertise that partners bring to the table, this can be either technical, administrative or financial expertise. The following is a schedule of some of the partners, which are actively engaged on schemes within our existing capital programme:

Capital Project	Other Partners
Implementing E Government	Other Somerset Local Authorities/Police Authority/ ODPM
North West Taunton Package	County Council/ Highway Agency/ GOSW
Flood Alleviation Schemes	Private Housing Developers/Environment Agency/ Parish Councils
Contributions towards Social Housing Projects	Housing Corporation/ Registered Social Landlords/Private Developers
Recycling Boxes	Other Somerset District Councils/Somerset County Council/Central Govt.
Somerset Direct (Funded via Government Grant)	Other Somerset District Councils/Somerset County Council/Central Govt.
Community Facilities Cotford St Luke	County Council/ Local Developers/ Community
Grants to Village Halls/ Play Equipment Grants	Parish Councils/ Local Village Hall & Playing Field Committees
Bridgwater & Taunton Canal	County Council/British Waterways

7 Consultation

- 7.1 The Council is committed to informing, consulting and involving residents in planning its services. To support this, consultation has shaped many capital

projects both through the initial identification of need through to scheme design and implementation.

- 7.2 The Council has an extensive budget consultation process in place which allows the views of the public to shape specific capital investment proposals.

8 Performance Measurement and Procurement

- 8.1 The Council works within a performance management framework that brings together the various processes for setting objectives, priorities and targets at corporate, service and individual level.

- 8.2 As mentioned in section 5 of this document, financial monitoring of capital schemes takes place already, but this has been enhanced recently by providing Members with a comprehensive analysis of performance against the Corporate Strategy as well as financial performance. This is reported quarterly to the Council's Review Board.

- 8.3 Further developments are in progress and we communicate progress to residents in our Council newspaper, the Deane Dispatch.

- 8.4 The Council will use its dedicated Purchasing Unit to ensure that best value is obtained for all contracts. Recently revised tendering procedures and contractual standing orders supplement this process.

9 The Future for Capital Investment

- 9.1 At present the Council has surplus capital resources, however it anticipates that this will not be sufficient in the short term. In order to meet our priorities we will need to critically review our existing levels of service provision and review the levels of capital investment required. Indeed the service review process will identify surplus assets whose capital receipts can be directed towards achieving our key priority of the Vision for Taunton.

- 9.2 The Council has a clear vision and an agreed Corporate Plan. Capital investment is key to achieving our aims and we recognise that we cannot do this without help from partners.

- 9.3 The Capital Strategy will continue to develop over the forthcoming year in line with the Corporate Strategy.