
BASILDON DISTRICT COUNCIL
CAPITAL STRATEGY 2005

The Strategy

The aim of the Capital Strategy is to maximise the capital resources available to achieve the Council's strategic aims and objectives in the context of the agreed financial framework and financial forecast.

Background

General Services

Spending on General Services schemes has been, in the main, limited to essential wind and weather tight repairs to buildings, other essential health and safety maintenance and compliance with the requirements of the Disability Discrimination Act 1995. Prioritisation of the available resources has therefore been driven according to these 'essential works' criteria, or other essential needs. This work is funded entirely by resources raised from the Council's asset realisation programme. Any surplus resources becoming available will be directed in accordance with the Council's Strategic Improvement Plan key aims and the financial framework as guided by the prioritisation scheme set out in the Asset Management Plan.

This core spending is supplemented by capital grants and contributions received from the Government and other organisations in respect of specific projects. It is a requirement of the Council's Financial Regulations that external resources be sought only to further the aims and objectives of the Council's Strategic Improvement Plan.

Housing

The Housing programme, after allowing for the major repairs allowance, is, like the General Services programme, largely dependent on the level of capital receipts and contributions generated. Since 2003/04, substantial contributions have also been made from revenue and are projected to continue at some £1 million per annum.

A key driver for the allocation of resources within the housing programme is the objective of achieving the decent homes standard in all our dwellings by 2010. The Council completed a stock options appraisal in June 2005 which concluded that the establishment of an ALMO was the way forward for the future management and maintenance of the housing stock, subject to a successful bid to the Government for additional capital resources. This followed the recommendation of the Housing Futures Steering Group (HFSG), which had carried out over some fifteen months an exhaustive review of the options for financing the delivery of 'decent homes' to all our tenants. The Government Office has since signed off the Council's appraisal as fit for purpose.

If sufficient resources are not made available to cover both the decent homes works and those necessary to satisfy the landlord's responsibilities, the Council will need to revisit its options. It is clear from the option appraisal and from the consultation with tenants carried out by the HFSG that the proposed level of investment would still fall short of tenant aspirations even if the Government met our bid for resources in full.

Those aspirations will have to await completion of the decent homes works in the period up to December 2010.

Strategies for Maximising Resources

The Council will adopt the following strategies to maximise the resources available for capital investment so far as these are consistent with Strategic Improvement Plan aims and objectives:

- Partnership arrangements with other bodies.
- Resource Bidding. In addition to general resource bidding initiatives the Council has a regeneration team dedicated to identifying potential external funding sources to address the revenue and capital implications of Strategic Improvement Plan aims. An external funding framework is currently being developed.
- Releasing the value of our assets through property review and the disposals programme.
- Engagement in the Local Strategic Partnership.
- Lobbying of English Partnerships to relax clawback and other restrictive covenants on former CNT land.
- Continuing assessment of how the prudential regime for capital finance could allow the Council to achieve its current and future aspirations. This could be of particular value in financing spend-to-save schemes where capital investment is used to secure longer-term revenue savings.
- Reviews of the provision of specific services.

The normal practice of the Council is for the General Services and Housing programmes to retain their capital receipts for investment in their own areas.

External Funding

Capital investment in the District is not only made by the Council; the Council also plays a leading role in working with others to encourage investment.

The Basildon Renaissance Partnership (BRP) was established in 2002 to deliver the Council's objectives for the physical regeneration of Basildon District. BRP is a local regeneration partnership that coordinates a capital investment programme in the Basildon District. The BRP capital investment programme currently includes some £30m of Sustainable Communities funding. The programme aims to deliver key strategic projects for the Council and attract inward investment but without the use of Council resources or leaving the Council with ongoing revenue costs.

The programme includes

- The mixed-use business led development of Gardiners Lane South. This requires the relocation of sports clubs, some of whom may relocate to Council facilities
- The regeneration of the Craylands estate and the development of the former Fryerns school site. As part of the project development and master planning, consideration is being given to new estate management structure and funding. The Council owns a number of assets in the area including homes, garage courts and open space all of which will be enhanced
- The regeneration of Basildon Town Centre, including replacing Council owned escalators with lifts
- The development of the Centre of Sporting Excellence in Gloucester Park

Where Basildon District Council is the accountable body for some aspects of the BRP capital investment programme the relevant schemes are included in Basildon's General Services Capital Programme

The Basildon Renaissance Partnership is producing a Regeneration Framework which will set out its three-year capital programme and future plans.

Prioritisation and Performance Management

The planning process provides for proposals for new capital projects (and extensions to existing) to be considered by the Cabinet who will determine **priorities** on the basis of the overall Strategic Improvement Plan aims and objectives against a background of the financial implications of each project (both capital and ongoing revenue). A prioritisation scheme is included within the Asset Management Plan. The capital cost of these decisions is then injected into the capital programmes based on the availability of resources.

Performance concerning strategic and service measures is reported every four months through the Council's Performance Report. In addition, the relevant Scrutiny committees and the Cabinet regularly receive reports on the capital programme and on the progress and implementation of major capital schemes, the generation of capital receipts, slippage and any other significant issues. Additionally each member of the Strategic Management Board (Executive Team and Heads of Service) receives capital programme monitoring statements ten times a year. A detailed schedule identifying programmed, committed and current spending scheme-by-scheme accompanies these statements.

Appendix 1 identifies the key objectives of this strategy and appropriate performance measures against which success can be assessed.

Revenue Implications

The revenue effects of capital schemes and the assumptions on which they are based are reflected in the appropriate years of the budget and forward forecast.

Procurement

Capital related procurement will be undertaken in accordance with the Council's approved policies and procedures.

Current and Projected Capital Expenditure

A summary of the Council's capital programme for Housing and General Services for the period to March 2008 is set out in the Appendix 2. *This reflects all formal revisions carried out to the date of this report.*

APPENDIX 1

Capital Strategy

Key Objectives and Performance Measures

Service	Key Objective	Performance Measure
General Services	Any surplus resources becoming available, over and above those required for essential work, will be directed in accordance with the Council Strategic Improvement Plan key aims and the financial framework.	The prioritisation process as identified in the Asset Management Plan to be implemented.
General Services	External resources will be sought only to further the aims and objectives of the Council's Strategic Improvement Plan.	The prioritisation process to ensure that this is the case.
Housing Services	The management of the housing stock to be transferred to an arms length management organisation (ALMO)	Subject to a successful bid to the government for additional capital resources
Housing Services	Resources over and above those required to meet the decent homes standard and the landlord's asset management obligations will be directed to meeting the aspirations of tenants.	The extent to which tenant aspirations can be met earlier than 2010, e.g. through efficiencies made by the ALMO
Both services	Releasing the value of our assets through property review and disposal programme.	Achievement of the capital receipts target for each year as identified in the approved capital programmes.
Both services	Lobbying of English Partnerships to relax clawback and other restrictive covenants on former CNT land	Value of additional investment realised by the Council or its partners through relaxation of controls by EP.

Service	Key Objective	Performance Measure
Both services	Continuing assessment of how the prudential regime for capital finance could allow the Council to achieve its current and future aspirations	Review of options as they arise.
Both services	Reviews of the provision of specific services	All reviews to consider the capital implications of any proposed changes to services.

APPENDIX 2

**CAPITAL PROGRAMME
GENERAL SERVICES AND HOUSING SERVICES**

SUMMARY September 2005

ITEM	2005/06	2006/07	2007/08
	Estimate	Estimate	Estimate
	£000	£000	£000
<u>General Services</u>			
1. Leisure and Environment	1,454	-	-
2. Community Development	321	20	20
3. Housing and Community Safety	150	-	-
4. Other General Services	485	500	275
5. Management and Administration	329	-	-
6. Basildon Renaissance Partnership	5,261	280	-
General Services Total	8,000	800	295
<u>Housing</u>			
1. Stock Improvements	11,132	10,125	10,087
2. Responsive Repairs	1,055	1,094	1,250
3. Other HRA Schemes	1,107	1,070	1,040
4. General Fund Schemes	1,337	800	800
Housing Total	14,631	13,089	13,177
TOTAL PROGRAMME	22,631	13,889	13,472
Financed by: -			
Supported Borrowing	1,149	1,000	1,000
Direct Revenue Financing	822	1,050	1,050
Major Repairs Reserve	8,080	8,044	8,091
Capital Receipts and Contributions	10,636	2,922	2,631
Boiler Leasing	859	700	700
TOTAL RESOURCES	21,546	13,716	13,472
Over programming	1,085	173	-

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