

1. BACKGROUND

- 1.1 South Derbyshire is the fastest growing district in Derbyshire, with its good links to centres of employment in Birmingham, Derby, Nottingham and Leicester and more locally Burton on Trent..
- 1.2 While proud of its history as a former coalfield area, the district has changed dramatically in recent years. This has created new demands on the District Council and the services that it delivers to its residents.
- 1.3 Key features are the need to deal with the legacy of former mining sites and at the same time provide employment and an attractive and safe place to live for local residents.
- 1.4 South Derbyshire faces the challenge of meeting the competing needs of 82,500 residents in the urban core and 31 parishes spread across 33,000 hectares.
- 1.5 No capital strategy for South Derbyshire can work without good partnership arrangements. The Council relies on working with partner organisations to develop key capital projects including the Swadlincote Woodlands project, part of the widely acclaimed National Forest Initiative, of which 25% lies within South Derbyshire.
- 1.6 Special attention had to be paid to the selection, management and monitoring of capital projects. "Responsible Bidding" is the key concept underpinning this strategy. This means that the Council will only bid for funds, which support the achievement of the Council's corporate objectives and priorities

2. CAPITAL REQUIREMENTS AND RESOURCES

Key Aspects of Capital Investment

- 2.1 The key areas for capital investment are outlined below:-

- **Housing** – ensuring that everyone has access to a reasonable standard of accommodation. The Council has approved a ten year programme for the improvement and maintenance of council homes. Particular attention is being focussed on directing resources to planned and preventative maintenance away from ad-hoc responsive repairs. The Council is also conscious of the changing needs of local residents who require adaptations to enable them to remain in their existing homes.
- **Regeneration** – to work with partners to improve the physical environment and regenerate former coalfield areas. The Swadlincote Woodlands infrastructure has been funded through SRB partnership arrangements.
- **Leisure & Tourism** – to maintain existing leisure facilities and encourage residents and visitors to take advantage of a range of leisure activities across South Derbyshire..
- **Crime and Disorder** – to work in partnership with the crime and disorder partnership to reduce crime levels and the fear of crime within the District.
- **E-Government** – to embrace the opportunities presented by e-government to deliver even better services in new and innovative ways within existing revenue resources.

Revenue Implications of Capital Investment

- 2.2 The Council is currently undertaking a review to refocus and reprioritise council spending. This is part of an exercise to achieve sustainable council revenue budgets in the medium to long term with a savings target of £400,000 during 2001/2.
- 2.3 Clearly this means that revenue funding for capital schemes is limited both in terms of initial scheme costs and meeting on-going running costs.
- 2.4 As a consequence, particular attention is paid to on-going revenue costs stemming from capital projects. This can mean that projects whose initial capital costs are affordable do not proceed because the council has insufficient revenue resources to fund them. This has been the case with the implementation of CCTV for Swadlincote.

The Framework for Managing and Monitoring the Capital Programme

- 2.5 As part of the initial capital strategy, the Council set out its commitment to establishing effective systems to manage and monitor capital spending. This was set out in an action plan within the previous strategy.
- 2.6 Annex A highlights the considerable progress that has been achieved against the action plan. The Council has established a capital programme working group, headed by the Chief Finance Officer, which monitors progress on capital schemes on a monthly basis. This is attended by key managers with designated responsibility for each capital scheme. This group has also been involved in the development of the Council's Capital Strategy.
- 2.7 The results of this monitoring are reported to members on a monthly basis within the Council's Finance Briefing document. The monitoring has also been effective in identifying additional capital resources and redirecting other resources during the year within the capital programme.

Additional Capital Resources – Responsible Bidding

- 2.8 With the exception of Housing investment, funded through the Major Repairs Allowance, the Council has limited capital resources to devote to other capital projects. The Council therefore seeks to add to these resources by bidding for funds from a range of potential sources.
- 2.9 The Council has embraced the concept of Responsible Bidding, which means that the Council will only pursue funding opportunities where they allow it to achieve the strategic objectives outlined within this capital strategy. This approach was welcomed by a number of consultees.
- 2.10 All bids for external funding are either expected to be consistent with developing schemes within the Council's existing capital programme or directed at key council aims and objectives. These bids appraised against core criteria looking at
- **Sustainability** – whether the scheme costs are realistic and the level of future support required
 - **Additional Funding** - Potential to draw down external funds and enhance Council investment
 - **Strategic Importance** - Links with Council, regional and national objectives.
- 2.11 The Council takes into account these appraisals when deciding which schemes should be included within the Council's capital programme. The Council now intends to develop this further by consulting external groups on the assessment criteria.

PROCUREMENT - Existing and proposed arrangements

- 2.12 Council Standing Orders and Financial Regulations require contracts to be awarded following fair and open competition except in exceptional urgent circumstances. The Council has in place a council-wide procurement strategy.
- 2.13 The Council has already recognised the need to develop a new and more flexible approach to procurement for capital schemes. By nature of its size and staffing resources the council will find it difficult to employ project managers specialised in every particular area that the Council may wish to deploy capital investment.
- 2.14 The new approach will be based on the adoption of 'Egan' principles. These focus on partnership working, the pursuit of quality and the satisfaction of customer needs. The key issue is how these principles can be followed while maintaining probity in the use of public funds.
- 2.15 As a step towards implementing these principles, while avoiding potential conflict and confusion works of a similar nature are being packaged and tendered under one contract, such as annual service and responsive maintenance of gas heating systems including installation of new systems.
- 2.16 The success of the various trial schemes and initiatives will be monitored over the forthcoming year with the intention of incorporating the Egan Principles further into the procurement process.
- 2.17 The Council's improvement strategy for its own housing stock allows for schemes, which ensure affordable warmth and reductions in harmful gases such as CO² emissions.

Approach to PPP/PFI

- 2.18 The Council is keen to explore all avenues for generating investment in delivering its services. In preparation for Best Value the council has commissioned work to look at the strategic options for maintaining housing stock. This has included consideration of PFI opportunities for stock improvement.
- 2.19 On another level, the Council recognises that it needs to generate considerable investment to implement the e-government agenda, which cannot be met cost-effectively by the council developing services on its own.. Accordingly the council is actively developing and seeking partnerships with other Derbyshire Districts and neighbouring councils to embrace the opportunities presented by e-government.
- 2.20 The Council is already working with private sector partners in managing the Green Bank Leisure Centre.

INFLUENCING OTHERS

- 2.21 An important part of the Council's role is to act as an 'advocate' for the people of South Derbyshire in securing new capital investment in the district. This role takes various forms (e.g. lobbying, facilitating, directing etc.) and is initiated through the Council's plans and strategies, such as the South Derbyshire Local Plan, or through our contribution to the plans and strategies of partner organisations.
- 2.22 The Council has a long tradition of working with partners to secure the provision of new or enhanced facilities for the people of South Derbyshire.
- 2.23 The Community Partnership Scheme (established in 1997) is an example of this approach. The scheme involved a three year injection of capital funds (via the Government's Capital Challenge initiative) to the value of £600,000. These funds were used to help resource community based projects and projects promoted by the Council. The scheme has been successful in drawing in additional funding (at a rate of about 9:1) and also in developing capacity within the community for self help. It is now used as a model for the development of Council led, community based projects (e.g. improvements to Swadlincote's parks).
- 2.24 Section 3 provides other examples of how the Council has influenced others by working in partnership to generate capital investment in South Derbyshire.

3 DEVELOPING PARTNERSHIPS

- 3.1 The Council is committed to working with a range of partners in the provision of facilities to enhance the quality of life for those who live and work in the district. Some examples of partnerships in place at the time of the last strategy are listed below.
- **Crime & Disorder Partnership** (set up to develop and implement the Crime and Disorder Reduction Strategy)
 - **Made in Swadlincote Partnership** (a public, private and voluntary sector partnership focused on economic regeneration and the delivery of the Swadlincote Woodlands Regeneration Scheme)
 - **South Derbyshire Housing Interest Group** - also multi-agency
 - Health related partnerships set up by the Southern Derbyshire Health Authority to progress the Health Improvement Programme
 - **Energy Efficiency Partnerships** (e.g. East Midlands Energy Efficiency Partnership)
 - **Derbyshire and Peak Park Sport and Recreation Forum** (a forum for local authorities and the voluntary sports sector)
 - **Quality Bus Partnership** (with Derbyshire County Council and bus operators)
 - **Leicestershire and South Derbyshire Coalfields Partnership** (a local authority partnership)
 - work with neighbouring local authorities on 'cross border' issues e.g. e-government.
- 3.2 Since that time the following partnerships and collaborative working has been developed
- TACT Tenants Advisory and Consultation Team – to involve tenants in all aspects of housing management
 - E-Government forum – to look at ways of implementing the e-government agenda across Derbyshire.
 - Close working with Derbyshire Dales and South Derbyshire Primary Care group to deliver Health Improvement Plan.

- 3.3 The previous strategy envisaged an 'overarching' partnership - the *South Derbyshire Partnership*. This would have a key role in the development of the Community Plan and in securing additional resources for the area in line with local needs and priorities. An initial meeting of this partnership was convened in March as a means of seeking views and taking forward the development of the Council's Community Plan.

Links to capital investment

- 3.4 A number of examples of partnership working have already been identified in Section 2 but there are many others. For example, partnership working also underpins the Council's capital investment in housing.
- use of planning agreements and commuted sums to support work by Registered Social Landlord to provide new affordable homes and bring empty homes back into use.
 - work with tenants through Area Tenants' Meetings and the District Housing Group to explore options for the improvement and repair of the Council's housing stock.
 - delivery of the private sector grants programme in partnership with Walbrook Care and Repair, the South Derbyshire Council for Voluntary Services and the local Police.
 - joint research with the Southern Derbyshire Health Authority and other partners to assess the health impact of grant investment and shape future grant programmes.
 - work with Derbyshire County Council Social Services and Walbrook Care and Repair to support people with disabilities to live in their own homes.

4. CONSULTATION

Community Planning

- 4.1 The Council recognises the strategic importance of developing a community strategy for South Derbyshire. This has not been achieved to date but a key element of developing this strategy will be to engage with local residents, other stakeholders and partners to produce a document that sets out the aims and aspirations of the community of South Derbyshire.
- 4.2 The Council does however have a number of core aims and objectives, which have been developed in consultation with the public. These are set out at Annex B. As part of the Community Planning process these will be reviewed and updated.

Consultation Strategy

- 4.3 The Council has a consultation strategy, which has been developed using Best Value principles. The previous capital strategy has been distributed to key partners and the results used to inform the current strategy.
- 4.4 There is concern however that stakeholders and partners are facing consultation overload. It is recognised that while important at a strategic level it can be difficult to engage consultees to the extent that they take part in a consultation meeting on the capital strategy.
- 4.5 In future the Council will look to link in to existing consultation opportunities to seek the views of businesses and stakeholders on the council's capital strategy. This has already been actioned in part via consultation with District Business representatives at the annual business ratepayers meeting.
- 4.6 The Council also holds quarterly area meetings across the District. These tend to be well attended by local residents and the opportunity will be taken to bring them into the consultation process. The Council has also established a citizens panel in partnership with Derbyshire County Council which will provide another means of seeking

5. LINKS TO OTHER STRATEGIES AND PLANS

- 5.1 Clearly the Capital Strategy links closely to the Council's Asset Management Plan. The Council has separate working groups for each strategy, although a number of key officers attend both groups. This enables consistency to be maintained between the two documents.

- 5.2 The Asset Management Plan identifies the need for Capital Spending on maintaining and updating existing Council Assets. As it develops it will play a key role in identifying potential surplus assets for disposal to generate receipts to fund the Capital Strategy.
- 5.3 There is some difficulty in preparing these strategies in the absence of a Corporate Plan but the Council hopes this process will help to clarify certain issues prior to the preparation of a Corporate Plan.
- 5.4 The Council is looking at how it can integrate service and financial planning more closely. A Best Value Review has centred on this key cross-cutting with its finding reported to members in July. The report identifies how the Council will how service and financial plans can be aligned more closely to ensure that issues raised within service plans are fed into the capital strategy and asset management plan along with the Council's Financial Plans.

6. PERFORMANCE MEASUREMENT & INNOVATION

- 6.1 The Council adopts the Audit Commission Performance Measures. In addition the Asset Management Plan has looked at ways of making bench-marking comparisons with other similar local authorities.
- 6.2 In view of the size of the organisation and the relatively small range of schemes that it can finance within any one year, it is probably most appropriate to focus performance measures on Housing Schemes which, with the addition of the Major Repairs Allowance account for the majority of all Capital Spending.
- 6.3 At present the Council has focussed on the following performances measures
- Achievement of key milestones within the tendering and contract process within agreed dates
 - Contract spend compared to budget
 - Customer surveys
- 6.4 In future the Council will look at:-
- identifying performance measures for private sector renewal grants to ensure spending is maximised
 - achieving cost reductions in Housing projects and improvements funded by the major repairs allowance

7. CROSS-CUTTING ACTIVITY

Regeneration

- 7.1 Partnership working has, and will continue to be, important in dealing with 'cross cutting' issues such as the regeneration of the former South Derbyshire Coalfield. The coalfield area includes Swadlincote (the largest centre of population in the district) and a number of small rural communities. Within the area, there are pockets of poor quality housing, above average levels of unemployment and sites, which reflect a legacy of coal and clay extraction.
- 7.2 The Council's on going contribution to the regeneration of this area includes:
- support for the establishment of the National Forest (e.g. through contributions to the provision and development of the Rosliston Forestry Centre)
 - support for the Made in Swadlincote Partnership in the development and implementation of the six year Swadlincote Woodlands Regeneration Scheme, funded in part by Single Regeneration Budget (SRB) Challenge Funds. The Council manages the scheme and has particular responsibility for a number of projects including the provision of new workspace units, the creation of the Swadlincote Woodlands Forest Park, and the establishment of 'Home 2000' (an area based project designed to encourage home repair and improvement and to promote energy efficiency)
 - support for the Leicestershire and South Derbyshire Coalfield Partnership in the delivery of two more recent SRB schemes designed to regenerate the wider coalfield area. These schemes include measures to tackle social exclusion, promote healthy living, improve access to services and supporting education and training.

Crime & Disorder

- 7.3 The Council has worked with partners to secure funding for CCTV within Swadlincote. This involved not only the Crime and Disorder Partnership but also a public meeting attended by over 30 local traders.

- 7.4 The Council has learnt a number of lessons from this process. At the outset outline approval had been given to proceed to the next bidding stage. The problem facing the council was to generate the ongoing revenue stream needed to fund the project. Many avenues were explored with partners and traders and indeed within the Council to look at ways to generate the necessary revenue funding.
- 7.5 The final conclusion was that the necessary revenue funding could not be found from partners and or indeed local businesses. In addition there was considerable resistance to the options available to the Council to release funding for the scheme.
- 7.6 This exercise highlights the difficulty of implementing new capital schemes without revenue funding. It also demonstrates the Council's commitment to responsible bidding and ensuring that it can meet the revenue costs stemming from capital schemes.

E-Government

- 7.7 As part of the preparations for e-government the Council is keen to explore other ways to generate investment in IT for the benefit of South Derbyshire residents at a price that the Council can afford. As a District Council the cost of new computer systems is often prohibitive but at the same time it is hard to move forward with the e-government agenda without them.
- 7.8 The Council has already taken steps to work in partnership with other Councils to procure and manage IT systems. This has commenced with systems for revenues and benefits administration a service provided to the majority of residents of South Derbyshire.

Best Value Reviews

- 7.9 During 2001 the Council is undertaking a specific review examining all aspects of Asset Management within the authority. This signals the council's commitment to implementing its Asset Management Plan and looking in detail at how this links with the Capital Strategy.
- 7.10 Any capital bids stemming from Best Value Reviews will be evaluated against the corporate criteria outlined in paragraph 2.8 above.

Disposal Strategy

- 7.11 The Council recognises the need to dispose of surplus land to help it to achieve some of its capital aspirations that are set out within this plan. The Asset Management Plan identifies potential disposal opportunities in more detail. The Council has already marketed some land successfully with disposal nearing completion.
- 7.12 While the Council is keen to explore disposal opportunities, capital resources are limited and could only provide short/medium term support to Council capital projects. The valuation of all council assets for capital accounting purposes is £18.8m

8. SUMMARY AND CONCLUSIONS

- 8.1 The Council has now put many of the building blocks in place to manage and monitor its capital programme effectively. The updated action plan demonstrates a good record of delivery against the actions that the Council set for itself last year.
- 8.2 The Council recognises that it relies heavily on other partners to deliver meaningful capital projects. It has a good record of working in partnership with other organisation, which it intends to continue and expand as a means of implementing new Council objectives.
- 8.3 With limited resources, it is essential that these are used efficiently and effectively and provide what the residents of South Derbyshire want. With this in mind the Council will pay particular attention during the next year to developing improved consultation mechanisms on the capital strategy and introducing more appropriate performance monitoring procedures. Both are included within the Action Plan at Annex C.
- 8.4 Progress on implementing the Action Plan will be reported to the Council during the year and as with this year a final report on progress against the Action plan will be included in next year's capital strategy document.

CAPITAL STRATEGY 2001/2

PROGRESS ACHIEVED AGAINST ACTION PLAN IN CAPITAL STRATEGY 2000/1

CAPITAL STRATEGY 2000/1 ACTION PLAN - KEY TASKS			PROGRESS	
Task (<i>paragraph number refers to previous capital strategy</i>)	Completed by	Designated officer(s)	Paragraph number refers to current Capital Strategy	
Set up Capital Programme Working Group (CPWG) (<i>para 4.1</i>)	July 2000	Chief Financial Officer (CFO)	Capital Programme Working Group established July 2000. Group is chaired by Chief Finance Officer and includes all key officers responsible for implementing capital projects both within the General Capital Programme and the previous Housing Investment Programme. (<i>paragraph 2.6</i>)	
Develop three year rolling programme of capital investment (<i>para 4.3</i>)	April 2001	CPWG /CFO	Indicative five-year programme of capital investment approved by members as part of the 2001/2 budget process. Programme approved in March 2001 (<i>see context sheet</i>).	
Revise Financial Regulations to require consideration of revenue implications of capital projects profiled over 5 year period (<i>para 4.4</i>)	December 2000	CPWG/CFO	The introduction of the new modernised structure will require the existing financial regulations to be modified to take into account the new political arrangements. The Council is also completing a Best Value Review looking at Financial Management and Control mechanisms, both of these will prompt a comprehensive review of financial regulations in 2001. Time has been set aside within the Council's Audit Plan to carry out this work. (<i>paragraph 2.12</i>)	
Provide guidance to managers/members on likely level of capital resources to support new strategies and plans (<i>para 4.6</i>)	Ongoing	CPWG/CFO	Indicative information provided to members on capital resources as part of planning process for implementing a five year capital programme. The Council has also commissioned a valuation of all its general fund assets to meet capital accounting requirements. This work is now completed.	
Update system for prioritising proposals (<i>para 4.10</i>)	December 2000	Policy & Best Value Manager	System for prioritising capital proposals has been fully updated. This was applied to prioritise all schemes within the five-year capital programme (<i>paragraph 2.10</i>)	
Develop detailed arrangements for project appraisal (<i>para 4.12</i>)	December 2000	CPWG/CFO	This is accommodated within the scheme for prioritising capital projects. This focuses on the likelihood that schemes will progress including project planning issues. (<i>paragraph 2.10</i>)	
Put in place new arrangements for managing and monitoring the programme (<i>para 6.3</i>)	October 2000	CPWG/CFO	The Capital Programme Working Group meets on a monthly basis. Regularly monthly monitoring reports are reviewed at this meeting. The opportunity has also been taken to move around resources as the opportunity arose and as a means of maximising capital resources.	

CAPITAL STRATEGY 2001/2

CAPITAL STRATEGY 2000/1 ACTION PLAN - KEY TASKS			PROGRESS
Develop new approach to procurement incorporating Egan principles (<i>para 7.3</i>)	April 2001	CPWG/CFO	Council explored new approach to procurement for planned maintenance work carried out within the Housing works programme. (<i>paragraph 2.15</i>)
Prepare Asset Management Plan (<i>para 8.2</i>)	November 2000	Chief Executive	The Council's initial Asset Management Plan was submitted to GOEM within the agreed timescale and received positive feedback from the assessment team and partner organisations/consultees.
Review and roll forward strategy (<i>para 9.2</i>)	July 2001	CPWG/CFO	This document follows through with the rolling forward process.
Development of Performance Indicators and Targets (<i>para 9.3</i>)	June 2001	CPWG/Policy & Best Value Manager	These are under consideration and will be informed by proposals set out within the capital strategy guidance (<i>paragraph 6.3/6.4</i>)
Consultation on strategy (<i>para 10.1</i>)	On going	CPWG/CFO	<p>The Council consulted Business Groups on the strategy as part of the Business Ratepayer consultation within the 2001/2 Budget Setting exercise.</p> <p>A positive response from key partners has been received following consultation.</p> <p>The Council will also explore ways to consult the public on the strategy via area meetings held across the district.</p>

CORPORATE OBJECTIVES AND PRIORITIES

The Council's objectives and priorities

- The Council's vision for the authority is to be:

'a top performing Council which cares, gives quality, value for money services and promotes quality of life'

- To support this vision and to guide service provision, eight specific objectives have been agreed (see Annexe B). These relate to:

- community leadership
- promotion of economic and community development
- protection of the environment
- addressing transport needs
- provision of high quality, value for money services
- access to services
- partnership working
- employee training and development

- The Council's main priorities (as determined through consultation with the community) are:

- **the provision of high quality, value for money services**
- **the protection of the environment**
- **community involvement**

CAPITAL STRATEGY 2001/2

ACTION PLAN

Task	Target Date	Responsible Officer
1 Consult partners/stakeholders on criteria used to prioritise capital schemes (<i>paragraph 2.11</i>)	September 2001	CFO
2 Review Standing Orders and Financial Regulations in the light of the modernisation agenda to encourage the adoption of Egan principles for contract award (<i>paragraph 2.12</i>)	December 2001	CFO/ CIA/ Monitoring Officer
3 Review and update procurement strategy to ensure that the Council provides clear guidance on the adoption of Egan principles (<i>paragraph 2.16</i>)	October 2001	Policy & Best Value Manager
4 Develop new partnerships with private and public sector partners to deliver new government initiatives e.g. e-government (<i>paragraph 2.19</i>)	March 2002	CFO/ IT Manager
5 Review Capital Strategy in the light of any changes stemming from the production of a community plan for South Derbyshire (<i>paragraph 4.1</i>)	March 2002	CMT/ Policy & Best Value Manager
6 Explore new ways of consultation to generate public support and input into the capital strategy e.g. make use of area meetings/citizens' panel to provide presentation on strategy to residents across South Derbyshire. (<i>paragraph 4.6</i>)	January 2002	CFO/ Policy & Best Value Manager
7 Develop clear principles for producing a disposal strategy for surplus council assets as part of Capital Strategy/Asset Management Planning process (<i>paragraph 5.2</i>)	November 2001	CFO/ Corporate Property Manager
8. Develop performance measures that focus on the outputs produced by capital schemes rather than the core process of monitoring the implementation of the schemes (<i>paragraph 6.4</i>)	December 2001	Policy & Best Value Manager/ CPWG

Key

CFO	Chief Finance Officer
CMT	Corporate Management Team
CPWG	Capital Programme Working Group