
REPORT TO:	CORPORATE SCRUTINY COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	27 OCTOBER 2003	CATEGORY: DELEGATED
REPORT FROM:	CHIEF EXECUTIVE	OPEN
MEMBERS' CONTACT POINT:	DAVID SOANES, ECONOMIC DEVELOPMENT MANAGER EXT 5714	DOC:
SUBJECT:	ASSET MANAGEMENT PLAN AND BEST VALUE IMPROVEMENT PLAN	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM01

1.0 Recommendations

1.1 That Members note the content of the report

2.0 Purpose of Report

2.1 To update Members on progress on delivery of the Asset Management Plan action plan and the Best Value Improvement Plan.

3.0 Detail

3.1 The Asset Management Plan (AMP) for 2003 was submitted to Government Office East Midlands at the end of July 2003. The Council has yet to be advised how the plan has been scored but is hopeful that a 'good' score will be achieved as opposed to the 'satisfactory' scores achieved in previous years. If a 'good' score is achieved, the Council will not have to submit plans in future years.

3.2 The Asset Management Best Value Review Improvement Plan was approved by Members in February 2003. A number of its actions are due to be undertaken during this financial year.

3.3 The table set out below is the AMP action plan, which also includes the actions from the Best Value Improvement Plan. The progress to date has been noted against each action.

3.4 Key:

CPO	Corporate Property Officer	S = Start
EO	Estates Officer	F = Finish
HM	Housing Manager	
BM	Building Maintenance Manager	
PD	Personnel & Development Manager	
FD	Facilities & Development Manager	
DS	Direct Services Manager	

Action	Responsible Officer	Date	Progress to 23/10/03
1. Oversee and monitor the delivery of the Best Value Improvement Plan	Asset Management & Monitoring Group	S: January 2003 F: December 2005	Ongoing
2. Continue to bid for resources to deal with the maintenance backlog	CPO/BM	Ongoing	£100,000 capital approved July 03
3. Undertake a further condition survey of all assets	EO	S: September 2003 F: March 2004	Some assets surveyed. Discussions ongoing with HM re balance
4. Continue existing benchmarking arrangements	CPO	Ongoing	Ongoing
5. Complete Corporate Property Strategy	CPO	August 2003	Draft prepared - consultation underway
6. Complete corporate guidance on management, holding and disposal of assets (incl suitability & sufficiency criteria), roll out to all property managers	CPO	August 2003	Guidance prepared, roll-out underway
7. Apply guidance to each group of assets to determine suitability for current and future use	All property managers	S: August 2003 F: March 2005	S: November 03
8. Develop a home working policy	PD	S: Mar 2003 F: April 2004	Draft policy prepared
9. Continue to review disability access issues for all public buildings across the district	CPO/BM	S: October 2002 F: September 2003	Audit undertaken - report taken to Management Team
10. Review the current management arrangements for each group of properties to reduce confusion and provide clarity to customers	CPO/EO/BM/FD /DS	S: June 2003 F: November 2003	Work commenced, but linked to restructure
11. Put together a clear guide to show who manages each asset, to be circulated to all Divisional Managers (and their relevant staff) and Members.	CPO	November 2003	January 2004
12. Monitor the impact of the above changes. If they have not achieved the additional clarity of function, consider in more detail the issues involved in centralising asset management functions.	CPO	S: December 2003 F: May 2004	S: February 2004 F: July 2004
13. Service Managers to benchmark the cost of managing their assets when undertaking their service reviews	All property managers	S: August 2003 F: March 2005	On hold pending CPA
14. Prepare a detailed specification of asset management activities and their frequency	All property managers	S: April 2004 F: September 2004	No change
15. Undertake a full review of the Repairs and Maintenance Service, to cover the concerns raised.	BM	S: September 2003 F: May 2004	Review being undertaken
16. Implement planned maintenance programmes for all assets	BM	S: November 2003 F: January 2004	S: February 2004 F: May 2004
17. Following the completion of the Civic Offices survey, identify alternative layout arrangements and undertake division/staff moves as required	CPO/BM	S: July 2003 F: October 2003	Work underway

REPORT TO:	CORPORATE SCRUTINY	AGENDA ITEM:	7
DATE OF MEETING:	27 TH October 2003	CATEGORY:	DELEGATED
REPORT FROM:	CHIEF FINANCE OFFICER		
MEMBERS' CONTACT POINT:	TERRY NEAVES (5800)	DOC:	
SUBJECT:	CAPITAL STRATEGY 2003/4	REF:	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:	

1. Recommendations

1.1 Members are asked to consider and comment upon the draft Capital Strategy 2003/4.

2.0 Purpose of Report

2.1 This report seeks members to comment upon the council's fourth Capital Strategy

3.0 Capital Strategy Requirements

The Single Capital Pot

3.1 The introduction of a single capital pot, which has pooled both housing and general fund resources to local authorities. At the same time the Government has introduced the Major Repairs Allowance, which provides specific resources to maintain council homes. Effectively this has meant that the single pot is smaller.

3.4 The other key change is that part of the single pot – currently 5% but eventually up to 20% will be allocated on the basis of each authority's plans for Capital Spending as set out in the Capital Strategy attached.

3.5 Local Authorities are encouraged to look at a wide range of different ways of funding their capital projects rather than simply relying on central government funding in the form of borrowing approvals. This includes working with other organisations and bidding for external funds. It also means disposing of assets to generate receipts to funding capital spending priorities.

3.6 The Capital Strategy links closely with the Asset Management Plan included elsewhere on this agenda. The Asset Management Plan asks the authority to look closely at how it manages and maintains its assets and also how it identifies surplus assets.

3.7 The Capital Strategy, Asset Management Plan and Housing Strategy will be used to assess the capital allocation for South Derbyshire.

Capital Strategy

- 3.8 Last year the Council was required to submit its Capital Strategy formally to the Government Office for the East Midlands for a formal assessment.
- 3.9 Under the assessment, the Council's strategy was considered **good** – the highest score. As a result the Council was exempted from the requirement to submit a further strategy.
- 3.10 It is still considered appropriate for the strategy to be kept under review. For example it needs to take into account:-
- Proposed revisions to the assessment criteria for capital bids
 - Changes to the Council's aims and objectives as set out in a revised corporate plan
- 3.11 This has been the main focus for the review of the current document which is set out in Annex A.

4. Financial Implications

- 4.1 The Financial Implications are set out within the strategy at Annex E
- 4.2 Emphasis is placed on considering both the ongoing costs associated with new capital projects as well as the initial capital investment.
- 4.3 Members will also note the considerable imbalance between the resources that the Council is likely to need to deliver its capital strategy and the resources that it can currently expect to receive.
- 4.4 As has been indicated previously, this gap can only be closed by generating additional resources from:-
- Partnerships with other organisations
 - Bidding for external funds
 - Disposal of Council Assets

5. Conclusions

- 5.1 The revised strategy provides a sound basis for managing and prioritising capital projects.
- 5.2 The Council now needs to look further at how it will involve partners and local residents in identifying capital priorities for South Derbyshire and implementing them. Again the Capital Strategy provides a sound framework for doing this.

6. Background Papers

- 6.1 Capital Strategy 2002/3

South Derbyshire District Council

**CAPITAL
STRATEGY**

OCTOBER 2003

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 82,000 residents living in both the urban core and the 31 parishes spread across the 33,000 hectares of the District.
- 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 "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 as set out in our Corporate Plan and Community Strategy

2. CAPITAL REQUIREMENTS AND RESOURCES

Key Aspects of Capital Investment

- 2.1 In November 2001, the Council produced its first Corporate Plan. This was developed through working groups/seminars involving members and officers. The final document was approved unanimously by the full Council.
- 2.2 The Document provided an opportunity to review the key aims and objectives for the Council as well as the way it seeks to conduct its business. This is set out in Annex A, which shows how this links to the key areas for Capital Investment outlined below.
- 2.3 The key areas for capital investment are outlined below:-
 - **Key Capital Focus 1 - HOUSING** – ensuring that everyone has access to a reasonable standard of accommodation. A stock condition survey has been completed to help develop a ten-year programme to achieve the decent homes standard. Particular attention is being focussed on directing resources to planned and preventative maintenance away from responsive repairs. The Council is conscious of the changing needs of local residents, who require adaptations or improvements to enable them to remain in their homes. We also face the challenge of addressing increased tenant expectations for the standard of Council Homes
 - **Key Capital Focus 2 - 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.
 - **Key Capital Focus 3 - LEISURE & TOURISM** – to maintain existing leisure facilities and encourage residents and visitors to take advantage of a range of leisure activities across South Derbyshire.
 - **Key Capital Focus 4 - CRIME AND DISORDER** – to work with the crime and disorder partnership to reduce crime levels and the fear of crime within the District.
 - **Key Capital Focus 5 - E-GOVERNMENT** – to embrace the opportunities presented by e-government to deliver even better services in new and innovative ways within existing revenue resources.
- 2.4 Although priorities will undoubtedly change over the next 3 years particular emphasis will be placed on Key Capital Focus's 1, 2 & 5. This takes into account feedback from discussions outlined in 2.1. The allocation of resources matches these funding priorities (see context sheet for Capital Strategy & Asset Management Plan).

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Funding Capital Investment – The Prudential Code

- 2.5 The Government has announced major changes to the way that local councils fund major spending projects from April 2004.
- 2.6 Current limits on borrowing will be abolished to enable local councils to make their own decisions on how much money they should borrow **provided that** they can afford the costs of servicing the extra debt.
- 2.7. This will enable councils to borrow large sums of money to fund new projects. At the same time it must be remembered that councils will be incurring the cost of financing those projects for up to 25 years, without any extra government support to fund them.
- 2.8. The Government is introducing strict rules to ensure that councils can afford any extra borrowing. This is set out in the Prudential Code for Capital Finance. This will require Council's to plan ahead financially to determine whether they can afford any extra borrowing in the next 3 – 5 years.
- 2.9 South Derbyshire will review its level of borrowing on an annual basis in line with the Prudential Code to determine whether it is prudent to take on additional borrowing to fund major projects.

Revenue Implications of Capital Investment

- 2.10 Like many other councils, South Derbyshire's day to day (revenue) spending resources are limited. This means that revenue funding for capital schemes is limited both in terms of funding the initial scheme costs and meeting on-going running costs.
- 2.11 As a consequence, particular attention is paid to on-going revenue costs stemming from capital projects within the appraisal process. All potential capital bids are asked to identify ongoing revenue costs and consider how these can be met. Once approved, revenue costs stemming from capital schemes are built into the council's three year revenue budget strategy. This ensures that there is sufficient on-going funding for new schemes.

The Framework for Managing and Monitoring the Capital Programme

- 2.12 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 first draft capital strategy. In essence, the Council has put in place regular monitoring meetings involving key managers with Capital projects. These set out to monitor the key stages of each scheme from invitation to tender through to completion of the final works.
- 2.13 The Council has established a Corporate Property Group that looks at all aspects of delivering our Capital Strategy and projects as well as asset management issues. The group is chaired by the Chief Finance Officer and monitors progress on capital schemes on a monthly basis. The Chair of Finance & Management attends the group as a means of strengthening day to day member involvement in corporate property issues. The group includes the Corporate Property Officer and Divisional Heads of Technical Services, Housing Maintenance & Management and Leisure and Development Services, who have responsibility for the majority of capital schemes. In addition the group also includes a member of legal services to keep up to date with legal property issues. This group has been involved with the development of the Council's Capital Strategy and Asset Management Plan.
- 2.14 The results of this monitoring are reported to members 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

- 2.15 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.
- 2.16 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.

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- 2.17 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. The core criteria for the assessment, which is undertaken by members and senior officers, are set out in Annex B and summarised below:-
- **Sustainability** – whether the scheme costs are realistic and the level of future support required
 - **Strategic Importance** - Links with Council, regional and national objectives.
 - **Risk Analysis** – whether the project may contribute to reducing the council's business risks.
- 2.18 The Council takes into account these appraisals when deciding, which schemes should be included within the Council's capital programme. The Council has already begun to consult area committees about its spending proposals. These meetings, attended by local residents, will be used more extensively to get their view at an early stage on capital spending priorities.
- 2.19 Most council capital projects tend to be below £50,000. As a consequence the Council has few major projects. It is recognised that a more detailed assessment may need to be introduced for these projects that looks in greater depth at the options for implementing
- 2.20 The Council has already started this process with bids for Private Sector Renewal schemes. It has had to look at options for keeping the spending on these schemes within the Council's overall capital resources. This has required a balance to be struck with other competing demands for resources within the appraisal process. The final allocation of resources, especially for significant projects (above £50,000) therefore considers the potential to scale down these projects to enable a broader range of other projects to proceed as well.

PROCUREMENT - Existing and proposed arrangements

- 2.21 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.
- 2.22 The Council has developed 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 or scheme that the Council may wish to initiate.
- 2.23 The new approach is based on the adoption of 'Egan' principles, and refers to the Rethinking Construction paper produced by Sir John Egan. The principles 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 (Rethinking Construction and recent consultation paper is relevant when you are looking at this in future – let me know if you need any information).
- 2.24 As a step towards implementing these principles, while avoiding potential conflict and confusion, work of a similar nature is being packaged and tendered under one contract, such as annual planned maintenance contracts.
- 2.25 This approach has been successful in terms of reducing delays in starting works and letting contracts. Tenants therefore see an earlier response to their problems. Having said this the Council will need to put in place systems to benchmark the costs of providing services in this way to ensure that the prices charged are cost effective. At the moment it has gained this reassurance by using existing costs as a benchmark but this situation will need to change.
- 2.26 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**
- 2.27 The Council is keen to explore all avenues for generating investment in delivering its services. However due to the relatively small size of the Council and the nature of many capital schemes, some alternatives such as PPP/PFI are not always appropriate, except for much larger scale projects.
- 2.28 As part of the Best Value Process the Council has worked with tenants and external consultants to look at the strategic options for maintaining its housing stock over the next 10 years. This has included consideration of PFI opportunities for stock improvement.

- 2.29 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. As part of this the Council has been successful, along with four other partners in attracting over £1.75m of funding for an innovative new projects involving implementation of Revenues & Benefits System to facilitate closer working between the councils.

Influencing Others

- 2.30 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.
- 2.31 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.
- 2.32 The Community Partnership Scheme (established in 1997) is an example of this approach. This scheme provides seed funding to local community groups for community-based projects. Council funds help generate considerable external resources for these projects.

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. Annex C sets out the wide range of partnerships through which the Council seeks to achieve its Capital Spending goals.
- 3.2 The Council has worked closely with local business, community and public sector groups to create an inclusive local strategic partnership. Much has been invested in ensuring that the partnership with representative of the diverse range of organisations that have an interest in moving our area forward.
- 3.3 We are meeting with neighbouring authorities, which span a number of both county areas and indeed regional areas. This has helped the Council identify more common ground for partnership working across the district. For example this has prompted closer discussion on facilitating improved transport links through South Derbyshire and its neighbours.

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 and e-government
- 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.
 - Generating over £1.75m of Capital Investment with a partnership of four other Derbyshire authorities for joint revenues and benefits working.
 - Generating over £2m of capital investment in e-government across Derbyshire.
 - Work with Made in Swadlincote partnership to develop Sharpe's Pottery within Swadlincote.

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. A key element of developing this strategy will be to engage with local residents, other stakeholders and partners. Work in this area has already begun and will ultimately produce a document that sets out the aims and aspirations of the community of South Derbyshire.
- 4.2 The Council has produced a Corporate Plan, which has formed the basis for consultation with partners about the overall aims and objectives of the Council. This is referred to in Section 2 above. These will be kept under review during the community planning process.

Consultation Strategy

- 4.3 The Council has a consultation strategy, which has been developed using Best Value principles. The previous capital strategy was distributed to key partners across the District. The feedback was generally positive with partners confirming the key priority areas for capital investment that are outlined in Section 2. Partners recognised the need for responsible bidding and that the Council could often only make a contribution to capital schemes.
- 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 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. Two way information is already being fed into these area meeting to update the community on how their views are affecting council spending decisions. The Council has also established a citizen's panel in partnership with Derbyshire County Council.
- 4.7 Consultation has indicated that there is a clear need to raise awareness amongst interested groups about the Council's role in Capital Investment. Groups initially may view the Council as providing all of the finance for new investment and find it difficult to advise on conflicting priorities. The Council is now aiming its consultation on raising awareness about what it can fund directly and what it can facilitate by matching its funds to others. It is also trying to provide sufficient background information and talk about identifiable schemes that give the public a chance to comment on conflicting investment priorities at an early stage before the investment decision is taken.

Feedback to Stakeholders

- 4.8 SRB funding has helped to bring forward the regeneration of the Sharpe's Heritage Pottery is a good example of this. The Council has contributed some £70,000 of funding to this project in the current year. The redevelopment of the Old Post House in Newhall provided a base for community groups. This has helped to regenerate the area and provide vocational training and community facilities in the heart of that community.
- 4.10 Within this process the Council recognises the need to work closely with these organisations to ensure it is meeting both the Council's and their own individual needs. Indeed the Council can point to a number of areas where it has worked with stakeholders and received repeat funding to reflect the success of its schemes this includes:-
- **Rosliston Forestry Centre** – further funding provided to improve car parking and visitor facilities at the centre in addition to funding already provided as part of the National Forest initiative
 - **Crime & Disorder** – further joint funding with the police of Burglary prevention projects following success of first pilot.

5. LINKS TO OTHER STRATEGIES AND PLANS

- 5.1 The Council's Capital Strategy links closely to the Council's Corporate Plan, which sets out the overall aims and objectives for the Council and how it intends to deliver them.
- 5.2 The Corporate Plan provides a framework for developing council-wide strategies and individual service plans for each division. In turn the Plan also influences council spending plans. The Council has sought to bring service and financial planning closer together. This helps to ensure that spending decisions are linked closely to service needs.
- 5.3 Clearly the Capital Strategy links closely to the Council's Asset Management Plan. The Council has a corporate property group that takes forward both strategies. This enables consistency to be maintained between the two documents.
- 5.4 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.
- 5.5 Other strategies with close links to the Capital Strategy include the Housing Strategy and Crime Reduction Strategy.

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 Annex D identifies a number of performance measures that the Council has started to use as a means of looking at how effectively it is achieving its capital programme. Essentially these indicators seek to measure effectiveness in terms of:-
- generating resources for capital investment
 - achieving the capital programme and delivering capital schemes
 - customer satisfaction with the service provided.
- 6.4 The Council's Corporate Property Group monitor the achievement of key milestones within capital programmes.
- 6.5 The Chief Finance Officer produces a monthly finance briefing, which provides an overview of the Council Finances. This includes a specific section on the capital programme and its implementation. This is distributed to members and available to all Council staff on the council's public folders and provides a means of keeping them up to date with progress on the Council's capital programme.
- 6.6 In addition the Council has started to focus more on the outcomes that capital projects are expected to produce. All officers responsible for capital projects have identified measurable outputs that their schemes will deliver in 2002/3. The corporate asset management & monitoring group will be used to monitor this process.
- 6.7 Collecting performance information has also begun to have a marked impact on the service that we provide to our customers.
- Up to 99% of private sector renewal grants allocated and spent within the year compared with a figure of 76% in the previous year. The figure in previous years was even lower
 - Better planning of the housing programme with an emphasis on ensuring that work is placed as early as possible in the year means that fewer tenants now have works carried out in winter months.
- 6.8 The indicators also demonstrate that the Council continues to be successful in implementing its capital programme. In previous years a key area of concern was housing grants. This position has been reversed dramatically with 99% of grants allocated and spent in the year – a considerable achievement that has been a result of close monitoring of performance indicators that are collected on a monthly basis.

- 6.9 The Council can also demonstrate a marked improvement in generating resources for its future capital projects via asset sales and also partnership funding. While it is important to continue to monitor success in these areas it should be recognised that performance in these areas may well be subject to fluctuation, as different Government spending initiatives influence the grants available.
- 6.10 The next stage will be to look again at benchmarking this information. As a first step the Council will exchange compare Capital Strategies with its neighbours and other Derbyshire authorities and look to making comparison with performance indicators within them.

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 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.
- 7.3 These schemes have helped to regenerate the environment of the former coalfields community and have proved successful in attracting housing development and indeed jobs to the area.

Crime & Disorder

- 7.4 The Council has worked with its Crime and Disorder partners to provide capital funding towards the reduction of crime in the district.
- 7.5 The Crime and Disorder Partnership is also working with the Council on crime risk assessments of its facilities to identify how capital improvements could reduce crime and anti-social behaviour and the resultant cost of that activity.

E-Government

- 7.6 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. The Council is embarking on a major Customer First project that will look to harness IT to make a real difference to the way we deliver services to meet the changing needs of our customers,
- 7.7 The Council has been successful in working with two partnerships to generate significant funding for e-government projects. The Derbyshire Revenues and Benefits Consortium has achieved Invest to Save Funding of £1.75m towards the costs of implementing modern electronic revenues and benefits service delivery. Similarly the IEG in Derbyshire Forum has secured funding of £2m to link councils across Derbyshire more closely. The Council is playing an active role in key projects aimed at using IT to make it easier for customers to gain access to our services.

Best Value Reviews & Corporate Performance Assessment

- 7.8 During 2001 the Council undertook 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.
- 7.9 The results of Best Value Reviews are integrated into the Council's Service Planning process. Where reviews have been undertaken, their recommendations are included within Service Plans, for example the reviews of sheltered

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housing services, refuse & street cleansing, and Finance Management & Control. Actions include areas where capital investment are needed and these are put forward as part of the capital bidding process.

- 7.10 Recently the Best Value process has been taken over by the Corporate Performance Assessment that will look at the overall performance of our Council. A key aspect of this assessment is an improvement plan, which will help to focus attention on both revenue and capital spending priorities.

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 completed.
- 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 (excluding Housing) for capital accounting purposes is £19m

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. This builds on achievement of key tasks already documented in the previous strategy.
- 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 organisations, 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. The Council has already begun to process of consulting with local people, through area committees. They have been asked for their views before setting the revenue budget for 2003/4. The Council aims to build on this by seeking more detailed views from them about the Council capital spending priorities. An outline Capital Programme is set out in Annex E.

Capital Strategy 2003-4

The Council's Vision for the future

'to promote and enhance the social, economic and environmental wellbeing of the community through the provision of cost effective, customer focused services'

Guiding Principles

The Council has established a number of guiding principles to govern the way it operates. These are set out in italics below together with an explanation of how the Capital Strategy sets out to achieve these guiding principles, where relevant.

- ***making decisions openly and with integrity***
- ***being accountable to the people of South Derbyshire for our decisions***
- ***involving the community in choices about services and local priorities***

Essentially, these principles are about the way we interact with the people that we serve. In terms of the Capital Strategy:-

- We are consulting the people of South Derbyshire on capital spending priorities via the area committees
- We have consulted local organisations and partners on previous versions of the strategy and will do this in future on a bi-annual basis to avoid consultation overload
- ***being open and responsive to change***
- ***providing equality of opportunity and treating people fairly in everything we do***
- ***providing reliable and responsive and cost effective services to our customers***
- The strategy looks at how we see the future development of South Derbyshire and focuses on regenerating the former coalfield area by enhancing leisure and tourism facilities as well as improving the general quality of housing in the district
- The strategy also addresses new & emerging priority areas including crime & disorder and e-government.
- ***working with partners in the public, private and voluntary sectors to achieve more than we can on our own***
- The strategy recognises that there is little the Council can do on its own and highlights a number of areas where the Council is working closely in partnership to achieve its capital spending goals.
- ***Improving the quality of life for everyone now and for generations to come***
- The strategy ensures that full account is taken of the ongoing revenue costs associated with capital investment to ensure that projects are sustainable for the future.
- ***valuing employees and the essential role they play in service provision***
- Again opportunities have been provided for a range of employees to participate in the production of this strategy.

Key Council Aims**1 *strengthen and develop the local economy.***

The Capital Strategy shows how the Council is working with partners using SRB funds to create an urban park (Swadlincote Woodlands) to regenerate a former coalfield site. **(Key Capital Focus 2)**

2 *to safeguard and enhance the environment***3 *reduce crime and disorder along with the fear of crime***

The Capital Strategy emphasises the need to direct Capital Resources where available towards Crime & Disorder initiatives **(Key Capital Focus 4)**

4 *continually improve the quality and efficiency of our services*

E-Government is about changing working practices to enable more efficient working and is a key part of the Capital Strategy. **(Key Capital Focus 5)**

5 *to address the needs of local people for a range of good quality homes, which have good access to local facilities and services*

Housing takes a significant share of all capital investment to improve both the public and private housing stock. **(Key Capital Focus 1)**

6 *to promote the health and welfare of all sections of the community, including access to leisure and cultural activities*

With a rising population, demand for leisure and cultural provision is also increasing, this is recognised within the capital strategy. **(Key Capital Focus 3)**

7 *to listen to, represent and provide leadership to the people of South Derbyshire in local, regional and national arenas*

Much effort has been made to seek the view of local people and partners to ensure that the Capital Strategies aims reflect their aims and aspirations

8 *to support the development of the National Forest and its enjoyment by residents and visitors*

The future development of the District as a tourist destination is linked closely to the National Forest. **(Key Capital Focus 2 & 3)**

CAPITAL SPENDING BIDS – SCORING SYSTEM

Split into 4 main sections with the following weightings.

Council Priorities	48%
Local & National Priorities	16%
Risk Analysis	18%

Financing & External Support	18%
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Initial ranking on total of first 3 categories, then by Financing & External Support

1. COUNCIL PRIORITIES

- a) **Out of the Council's PRIMARY Aims, which ONE is the bid mostly aligned to and its contribution (30%)**

(See separate list)

A major contribution	3
A moderate contribution	2
A minor contribution	1
No contribution	0

- b) **Contribution to any other of the Primary Aims (12%)**

(See separate list)

A major contribution	3
A moderate contribution	2
A minor contribution	1
No contribution	0

- c) **Contribution to the Council's Secondary Aims (6%)**

(See separate list)

A major contribution	3
A moderate contribution	2
A minor contribution	1
No contribution	0

2. LOCAL & NATIONAL PRIORITIES

- a) **Contribution to "shared priorities" as set out in the Council's Corporate Plan (12%)**

(See separate list)

A major contribution	3
A moderate contribution	2
A minor contribution	1
No contribution	0

- b) **Does the bid involve Partnership working (4%)**

Yes	1
No	0

CAPITAL SPENDING BIDS – SCORING SYSTEM**3. RISK ANALYSIS**

- a) If the costs exceeded budget, is there an exit strategy and/or can the project be scaled down accordingly (4%)

Yes	1
No	0

- b) Has an options appraisal been undertaken or some other form of assessment to determine the need and viability of the project (8%)

Full Options Appraisal done	2
Other assessment completed	1
No formal assessment	0

- c) Contribution to Minimising the Council's main Business Risks (6%)
(See separate list)

A major contribution	3
A moderate contribution	2
A minor contribution	1
No contribution	0

4. FINANCING & EXTERNAL SUPPORT

- a) Are there any on-going revenue costs (6%)

No	1
Yes	0

- b) Will any service income be generated (4%)

Yes – and has been reasonably estimated	2
Yes – but only general assumptions have been made	1
No	0

- c) How much external funding is being levered in – as a percentage of the cost (4%)

75% +	4
50% to 74%	3
25% to 49%	2
1% to 24%	1
Nil	0

- d) How certain is the external funding (4%)

It is definite/reasonably secure	2
There is potential/being investigated	1
There is no external funding	0

Capital Strategy 2002-3

SOUTH DERBYSHIRE PARTNERSHIPS

This annex identifies some key partners and partnerships that the Council works with to achieve its capital spending goals set out in paragraph 2.1. Although the annex identifies the capital goals that the partnerships best serve, there is clearly a considerable degree of cross over between the work of the partnerships.

GENERAL

- **South Derbyshire Local Strategic Partnership** – a partnership of Business, Voluntary, Community and Public Sector groups with an interest in improving the District of South Derbyshire.
- **Sub-regional Strategic Partnership** – a partnership of Derbyshire Districts and the County aimed at forging closer links to improve services and investment generally for the people of Derbyshire.

HOUSING

- **TACT Tenants Advisory and Consultation Team** – to involve tenants in all aspects of housing management and considering the strategic direction of Housing Services and capital investment within them.
- **Housing Strategy & Planning Group** - also multi-agency
- **Walbrook Housing Association** – partnership with local Housing Association to deliver private sector improvement grants programme.
- **Energy Efficiency Partnerships** (e.g. East Midlands Energy Efficiency Partnership)
- **Derbyshire Dales and South Derbyshire Primary Care Trust** – close working to deliver Health Improvement Plan and influence their capital spending decisions to the benefit of South Derbyshire residents.

REGENERATION

- **Made in Swadlincote Partnership** (a public, private and voluntary sector partnership focused on economic regeneration and the delivery of the Swadlincote Woodlands Regeneration Scheme).
- **Sharpes Heritage and Arts Trust** – a scheme that focuses on the cultural heritage of South Derbyshire, and regenerate a former pottery works within Swadlincote. Again this involves a range of private and public sectors partners.
- **Leicestershire and South Derbyshire Coalfields Partnership** (a local authority partnership)
- **Quality Bus Partnership** (with Derbyshire County Council and bus operators)

LEISURE & TOURISM

- **Derbyshire Cultural Consortium** – county-wide partnership of local authorities preparing a county wide cultural strategy with the aim of providing more focused arts provision across Derbyshire.
- **Derbyshire and Peak Park Sport and Recreation Forum** (a forum for local authorities and the voluntary sports sector)

CRIME & DISORDER

- **Crime & Disorder Partnership** (set up to develop and implement the Crime and Disorder Reduction Strategy)

Capital Strategy 2002-3

E-GOVERNMENT

- **Derbyshire Revenues & Benefits Consortium** – generating £1.75m of invest to save funding across five local authority partners for enhanced e-government friendly administration of revenues and benefits.
- **Derbyshire Partnership** - awarded £2m of government funding to progress a range of e-government projects to join up all partner Councils across Derbyshire.

Capital Strategy 2002-3

PERFORMANCE INDICATORS

	<u>2002/3</u>	<u>2001/2</u>	<u>2000/1</u>
Implementation of Capital Programme			
<i>Spending Compared to Capital Programme</i>			
Housing Schemes – excluding grants	84%	85%	87%
Housing Grants	100%	99%	76%
General Fund Schemes	81%	95%	101%
Generating Resources for Capital Spending			
<i>Usable Resources Generated (£'000)</i>			
Disposals – Sale of Council Houses	835	580	341
Disposals – Land Sales	112	2,769	0
Disposals – Other	-	11	17
<i>Total Resources Generated as a percentage of credit approval</i>			
Disposals – Sale of Council Houses	93%	70%	20%
Disposals – Land Sales	13%	335%	0%
Disposals – Other	-	1%	1%
Working in Partnership			
Total Partnership Funding Generated (£'000)	144	580	Est. 50
Partnership Funding as a percentage of credit approval	16%	64%	3%
Lottery Grants per head of population	nil	£144.30	
Capital Strategy Assessment	Good	Good	N/A

CAPITAL STRATEGY & ASSET MANAGEMENT PLAN 2003/4

Capital Programme 2002/7

The table below summarises the Council's five-year capital programme. In the long term the programme does not balance with identified schemes exceeding the available resources. Clearly this will rely on both the Council to review its ability to generate capital receipts from its disposal policy and further government support in the form of the single capital pot. The Council will also seek to review its ability to take on unsupported borrowing under the new proposed prudential borrowing arrangements. Clearly this will be subject to identifying sufficient resources within its stretched revenue budget to meet the additional borrowing costs. The figures below are net of other forms of external funding

	SDDC Investment Programme					Total
	2002/3 £'000	2003/4 £'000	2004/5 £'000	2005/6 £'000	2006/7 £'000	
Schemes						
Housing	830	700	700	700	700	3630
Regeneration	205	200	220	240	260	1125
Leisure & Tourism	68	162	250	250	150	880
Crime & Disorder	0	30	40	50	60	180
E – Government	434	200	200	200	0	1034
Maintenance	17	33	15	15	20	100
	1554	1325	1425	1455	1190	6949
Funding						
Capital Receipts	203	220	240	260	280	1203
Disposals	257					257
Credit Approvals	1094	1100	900	900	900	4894
TOTAL FUNDING	1554	1320	1140	1160	1180	6354
Extra resources needed		5	285	295	0	-1683

The above table aims to provide a realistic assessment of how the Council will allocate its resources on capital schemes over the next 5 years. As a small Council, South Derbyshire is heavily dependent on external resources to support its capital projects. This can have a significant effect on the programme outlined above. The table below shows the position if all Council bids for funding were to be included over the next 5 years. Funding excludes resources provided under the Invest to Save bid for Revenues & Benefits

	All Capital Schemes					Total
	2002/3 £'000	2003/4 £'000	2004/5 £'000	2005/6 £'000	2006/7 £'000	
Schemes						
Housing	830	1100	1100	1100	1100	5230
Regeneration	205	350	700	700	700	2655
Leisure & Tourism	68	300	200	200	200	968
Crime & Disorder	0	100	100	100	100	400
E – Government	434	200	300	300	0	1234
Maintenance	17	100	150	100	100	467
TOTAL SCHEMES	1554	2150	2550	2500	2200	10954
Funding						
Capital Receipts	203	220	240	260	280	1203
Disposals	257					257
Credit Approvals	1094	900	900	900	900	4694
TOTAL FUNDING	1554	1120	1140	1160	1180	6154
Extra Resources Needed		1030	1410	1340	1020	4800