

Report to the Cabinet

Report reference: C-051-2010/11.
Date of meeting: 31 January 2011.



Portfolio: Finance & Economic Development

Subject: Capital Strategy 2010-2015.

Responsible Officer: Teresa Brown (01992 564604).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the ranking of the Council's Key Capital Priorities be agreed; and**
- (2) That the draft Capital Strategy 2010-2015 be recommended to the Council for approval, subject to any amendments in respect of the Planned Maintenance Programme 2011/12 to 2014/15 and any other amendments resulting from other reports on the agenda.**

Executive Summary:

This report sets out the Council's Capital Strategy 2010-2015 based on the Capital Programme as reviewed by Cabinet on 25 October 2010, updated for any subsequent Cabinet decisions.

The Capital Strategy is a key "high level" strategic document that is linked to all other key corporate and strategic documents produced by the Council and its partners; including the Corporate Plan, the Sustainable Community Strategy, and the Asset Management Plan. Although there is no requirement for this Council to submit the Capital Strategy to the Government Office for re-assessment, it has always been deemed important to update it annually and thereby maintain a high level of control over the Council's capital resources and fixed assets.

Each year the Council's strategic aims and priorities are used to reassess the Key Capital Priorities and Members are asked to re-consider the ranking of each Key Priority when considering the Capital Strategy. The order of importance will subsequently influence future decisions regarding individual capital projects.

The Capital Strategy details past capital investment achievements, looks at committed schemes over the period 2010/11 – 2014/15 and considers proposed projects over the same period. It also identifies partnership arrangements with other councils and organisations, which aim to enhance the capital programme, and sets out the funding approved to date, having regard to forecast income generation.

Reasons for Proposed Decision:

The attached draft Strategy is based on the Council's currently approved capital programme and takes account of the latest guidance on capital accounting arrangements for local government. The financing arrangements, approved to date, are intended to make the best use of the capital resources currently available and forecast to become available for capital schemes to 2014/15.

Other Options for Action:

The Cabinet has the following options available:

- (a) recommend the draft Capital Strategy to the Council, as produced; or
- (b) amend the Capital Strategy and recommend a revised draft to the Council

Report:

1. Although local authorities are not required to update the Capital Strategy annually, it is felt important to do so in order to ensure that it is up to date and useful. In any event, having a good Capital Strategy enables the Council to make sound strategic decisions in relation to its use of capital resources, and forms an important part of the Council's Performance Management and Financial Planning Frameworks.

2. The draft Capital Strategy 2010-2015 has been updated with current schemes and expenditure forecasts as contained within the latest Capital Programme approved by Cabinet on 25 October 2010 as part of the Capital Review. Since then there have been some small revisions to the timing of some schemes to reflect latest predictions; these include Contributions to Affordable Housing; North Weald Market Infrastructure Improvement Works; CCTV installations at Loughton Broadway; the Limes Farm Hall Development; and the construction of the Waltham Abbey All Weather Pitch.

3. A further change made since the Capital Review was agreed, is the decision to move the Business Premises from the HRA into the General Fund from 31 March 2011; this has been reflected in the capital programme.

4. There is also a report presented elsewhere on the agenda, which may result in revisions to the capital programme. This is the report on the Planned Maintenance Programme 2011/12 to 2014/15 at the civic offices, other operational buildings and commercial property. Since the Capital Review was agreed in October, the capital programme has been amended to identify the installation of Solar Energy Panels at the civic offices as a separate scheme in accordance with the recommendation in the Planned Maintenance report.

5. The Strategy will be updated to take account of any revisions to the programme once approved. Having considered these amendments, Cabinet is asked to consider the Capital Strategy in full and recommend its adoption to the Council, in accordance with the Council's Constitution.

6. The Council's Key Capital Priorities have been included in Section 5.1 of the draft Capital Strategy according to the ranking approved by Cabinet in November 2009. Cabinet is asked to give particular consideration to the appropriateness of this ranking in the light of fulfilling the Council's aims and objectives and to re-prioritise as necessary. The order of the proposed capital projects listed in 6.3 will then be revised in accordance with the new ranking.

7. The Strategy has also been updated with the latest examples of historical achievements, cross cutting partnership initiatives and cross border working relationships. The generation and application of capital receipts has also been revised in line with latest trends and forecasts.

Resource Implications:

The budget provision is detailed in the Capital Strategy.

Legal and Governance Implications:

The legal and governance implications are taken into account within individual project reports.

Safer, Cleaner and Greener Implications:

In considering individual capital schemes and the programme overall, the Council gives due consideration to safer, cleaner and greener issues.

Consultation Undertaken:

All Directors and spending control officers for individual schemes have been consulted.

Background Papers:

Reference has been made to previous Capital Review, Capital Strategy and Cabinet reports. The Local Government Act 2003 (for England and Wales) and the Regulations have also been complied with. ODPM/DCLG Guidance.

Impact Assessments:

Risk Management:

There is a financial risk involved in reducing the balance of usable capital receipts over the next five years. This risk is included in the Council's Corporate Risk Register (No.17) and identifies the following potential consequences: loss of interest; loss of cover for contingencies; financial strategy becoming untenable in the long run; service reductions required; and large Council Tax increases required. With regard to equalities implications, these are taken into account within individual project reports.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A