

**Report to the Finance and Performance
Management Cabinet Committee**



**Epping Forest
District Council**

Report reference: C/030/2004-05.

Date of meeting: 25 September 2006.

Portfolio: Finance and Performance Management.

Subject: Capital Strategy 2006-2011.

Officer contact for further information: Teresa Brown (01992 – 56 4604).

Committee Secretary: Graham Lunnun (01992 – 56 4244).

Recommendations/Decisions Required:

1. That the draft Capital Strategy 2006-2011, attached at appendix 1, be considered and Members recommend any amendments to Cabinet, taking particular account of the following:
 - a) an additional estimate of £35,000 in 2007/08 for the purchase of a replacement plate maker for the Reprographics Section;
 - b) an additional estimate of £143,000 (from 2007/08 to 2010/11) for works to be carried out at the Civic Offices;
 - c) The future funding of phases 3 and 4 of the Loughton High Road TCE and the Customer Services Transformation Programme and recommend to Cabinet accordingly;
2. That Members consider the Council's Key Capital Priorities ranked in the order approved in November 2005 and, if appropriate, recommend re-prioritisation;
3. That Members consider the exclusion of the additional £500,000 contribution to affordable housing originally approved by Cabinet in April 2006;
4. That the duly considered draft Capital Strategy 2006-2011 be recommended to Cabinet, along with any amendments,

Report:

1. In 2002, the Council's Capital Strategy was assessed as "Good", which means that it is no longer necessary for the Council to submit the Capital Strategy to the Government Office for assessment. It should be noted, however, that the Government Office still expects the Council to produce and update the Capital Strategy for its own purposes.
2. 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.

3. The Capital Strategy has therefore been updated to cover the period 2006-2011. The draft Capital Strategy is attached at Appendix 1, which the Members are asked to consider and recommend its adoption to Cabinet, in accordance with the Council's Constitution.
4. Since the Capital Strategy has now met the Department for Communities and Local Government's (DCLG) standards and detailed criteria, it is recommended that no major changes be made to the format or text of the Capital Strategy, and that members approach the revision as an updating exercise only.
5. The Strategy has been updated with current schemes and expenditure forecasts as contained within the latest Capital Programme approved by Cabinet on 4 September 2006 as part of the Capital Review. Since then, the estimated final cost of the Town Centre Enhancement Works at Loughton High Road (phase 2) has been revised. The latest estimate ranges from £1,425,000 to £1,640,000 which represents an increase of £10,000 to £225,000 on the sum previously approved. It is suggested that a further report be presented to Members and a virement be made from the General Capital Contingency, currently standing at £207,000 in 2006/07, once the situation becomes more certain.
6. Two reports have been prepared for the October Cabinet requesting supplementary capital estimates. One requests a sum of £35,000 in 2007/08 for the purchase of a replacement plate maker for the Reprographics Section. The other requests a sum of £143,000 over the period 2007/08 to 2010/11 for works to be carried out at the Civic Offices. These amounts have been included in this Strategy. Members may wish to express their view to Cabinet on this.
7. The Council's Key Capital Priorities have been included in Section 5.1 of the draft Capital Strategy according to the ranking approved in November 2005. Members are asked to give particular consideration to the appropriateness of this ranking in the light of fulfilling the Council's aims and objectives and to recommend to Cabinet any re-prioritisation as necessary. The order of the proposed capital projects listed in 6.3 will then be revised in accordance with the new ranking.
8. 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.
9. Members are requested to consider the future budgetary provision in respect of the Town Centre Enhancement project at Loughton High Road. In order to complete the entire project, two further phases were originally planned. However, no budget currently exists in the capital programme for phases 3 and 4. It has been estimated that a further £2,000,000, would be required to complete both phases.
10. Members are also asked to consider the capital sum of £2.5 million which has currently been included in the capital programme in respect of the Customer Services Transformation Programme (CSTP). Within the Capital Strategy, £261,000 of this has been identified as committed; this being primarily for the new Revenues and Benefits system financed by IEG monies. The remaining £2,239,000 is currently uncommitted. Members are requested to consider the future of this scheme.
11. The Council's budget for contributions to Housing Associations for the provision of affordable housing was increased by £500,000 to £1,710,000 in response to approval given by Cabinet in April 2006. However, Members also approved an additional £500,000 but no funding has been secured to finance this expenditure. For this reason, Members are asked to consider excluding this sum from the capital programme.

Options for action:

12. The following options are available:

- (a) Recommend the draft Capital Strategy to the Cabinet as produced; or
- (b) Amend the Capital Strategy and recommend a revised draft to Cabinet.

Statement in support of recommended action:

13. 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.

Consultation undertaken:

14. Consultation was undertaken as part of the consultation on the Best Value Performance Plan (BVPP) 2006/7, since the BVPP includes a summary of the Capital Strategy.

Resource implications:

Budget provision: As set out in the Capital Strategy.

Personnel: Nil.

Land: As set out in the Capital Strategy.

Community Plan/BVPP reference: "Capital Strategy".

Relevant statutory powers: Various.

Background papers: ODPM / DCLG Guidance.

Environmental/Human Rights Act/Crime and Disorder Act Implications: As set out in the Capital Strategy.