

REDDITCH BOROUGH COUNCIL

CAPITAL STRATEGY

2010 - 13

Teresa Kristunas
Head of Financial, Revenues and Benefits Services
Redditch Borough Council
Town Hall
Walter Stranz Square
Alcester Street
Redditch
B98 8AH

Redditch Borough Council Capital Strategy

1. Introduction

This document brings together a number of pieces of work undertaken by the Council, which together set out a vision for Redditch for 2010 and beyond.

The document identifies -

- the Council's key objectives and priorities with respect to capital investment
- the framework for managing and monitoring the capital programme
- how the Council intends to maximise its capital resources
- how the Council will continue to deliver through partnership working
- the Council's Corporate Procurement Strategy and Corporate Asset Management Strategy

2. Key objectives

A Sustainable Community Strategy for Redditch was published in August 2008. The Strategy provides a framework through which all partners are committed to addressing a sustainable future for Redditch.

The Redditch Community Strategy sets out a shared vision for Redditch. The shared vision is for:

“Redditch to be successful and vibrant, with sustainable communities built on partnership and shared responsibility. We want people to be proud that they live or work in Redditch”.

The Council's vision is for ***“an enterprising community which is safe, clean and green”.***

The Council's values as set out in the Corporate Plan 2010 – 2013 are:

- * Partnership working,
- * Fair,
- * Responsive and Accountable, and
- * Communication and Consultation.

3. Key Priorities

The Redditch Sustainable Community Strategy establishes the overall strategy direction and long term vision for Redditch Borough and is produced by the Redditch Partnership. The Strategy is built around the same core themes as the LAA. These are:

- Communities that are **safe and feel safe**,
- A better **Environment** for today and tomorrow,

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- **Economic** success that is shared by all,
- Improving **health and well-being**,
- Meeting the needs of **children and young people**,
- **Stronger communities**.

The Council's priorities are:

- **Enterprising Community** which is defined as a vibrant and vital Borough where its population is well educated, has high skill levels and is healthy and fit. Housing is excellent and varied and the community is served by a prosperous town centre and has access to first class leisure facilities. The Council's voice is influential and respected by residents, partners, other governmental agencies and suppliers. The Town's economy provides sufficient high quality jobs for residents with good levels of pay and reward.
- **Safe** – the Council will work in partnership with other agency through the Redditch Community Safety Partnership to reduce crime and disorder. The Council will identify key projects to build community confidence and allow residents and visitors to be safe and feel safe.
- **Clean and Green** – to develop attractive open spaces, taking enforcement action against littering, fly tipping and other behaviour detrimental to the environment where appropriate and supporting measures to tackle climate change.

The above three priorities to be underpinned by:-

Well Managed Organisation – in order to deliver efficient and effective services and achieve the Council's priorities and outcomes, the Council needs to be a well managed organisation.

4. **Prioritising Capital Investment**

In order to meet its revised priorities as set out in the Corporate Plan Phase 1 the Council will in respect of:

Enterprising Community –

- **Public facilities**
 - *Improve public information, signposting, public art*
- **Develop the Town Centre and Church Hill District Centre**
 - *Achieve appropriate redevelopment of the District Centre*
- **Small Area Improvements**
 - *Continue improvement programme*
 - *Identify areas for improved parking*
- **To provide new leisure facilities across the town**
 - *Abbey Stadium Project*

Safe

- **Improvements to the Town Centre**
 - *Environmental enhancements*

Clean and Green

- **Climate Change Agenda**
 - Carbon reduction schemes
 - Recycling/waste agenda
- **Land Drainage**
 - Alleviate risk of flooding

Well Managed Organisation -

- *Continue with the managed programme of disposals to support the Council's Capital Programme*

5. Capital Finance Strategy

The introduction of 'pooling' for Right to Buy (RTB) receipts on the 1 April 2004 had a more significant affect on future capital programmes that previously anticipated. This has resulted in the Council retaining a reduced percentage of any sales. The Council now only has the use of 25% of any RTB disposal. The introduction of 'pooling' coincided with an unrelated reduction in RTB sales. The combination of these factors means that the Council is now undertaking 'prudential' borrowing in order to deliver a 'fit for purpose' housing improvement programme and to formulate a general fund capital programme.

The Local Government Act 2003 gave authorities the power, from the 1 April 2004, to borrow without central government consent, as long as they remain within their own affordable borrowing limits. Regulations provide that authorities will have regards to CIPFA's Prudential Code for capital finance, hence the term 'prudential borrowing'. The reference to affordability refers to the impact on council tax and housing rents because the cost of borrowing has to be met from revenue. In addition to paying interest on the amount borrowed the Council is required to make a Minimum Revenue Provision (MRP). The purpose of this provision is to fund the repayment of debt.

For any prudential borrowing undertaken in respect of general fund capital expenditure incurred on or after 1st April 2008 the Council will need to make a MRP over the estimated life of the asset for which the borrowing is undertaken. Prior to 1st April 2008 the Council was able to make a minimum provision equivalent to 4% of the borrowing, regardless of the life of the asset. This change will have a significant impact on the Council's ability to resource a general fund capital programme. The general fund capital programme will be limited to items of a statutory nature such as health and safety requirements or invest-to-save type projects.

The Council is required to formulate a Minimum Revenue Provision Policy to be refreshed annually. The Council is also required to approve and monitor a set of Prudential Indicators, which include approved borrowing limits.

The Council will continue to identify suitable assets for disposal in order support its capital programme, in particular, to reduce the revenue impact of the Abbey Stadium redevelopment.

Bids for external capital resources in partnership with others such as the, Arts Council Lottery Fund, Sports Council Lottery Fund, West Midlands Arts, British Gas, DEFRA, Countryside Commission, Europe or other national programmes and the private sector will continue to receive Council support where the full effect on the Councils revenue and other resources do not conflict and are sustainable.

The Council will also continue to utilise the resources made available through planning obligations to provide or enhance facilities throughout the town.

6. The Capital Investment Process

Scheme selection and prioritisation:

The Council currently has a five year housing and a three year general fund Capital Programme that is reviewed on a regular basis. The housing programme was formulated from the information gained from the housing stock condition survey.

Additional/new schemes follow a formal process:

- Officers prepare a Project Proposal for the scheme which addresses essential elements; degree of fit with Corporate Priorities; Service Plan Objectives, Risk Analysis; Statutory Obligations; Impact upon Asset Management Plan; Outcome Measurement; Alternatives, Public/Tenant Consultation and Financial Implications on revenue and capital resources in future years;
- For new build or alterations to buildings, a comprehensive estimate for the construction works is required, including life time costs/considerations and sustainability issues.
- The completed Project Proposal Forms, together with any member referrals, are presented to the Strategic Management Team for scrutiny;
- The bids for capital resources are prioritised prior to consideration by members taking account of the resources available/revenue implications;
- Executive Committee is presented with the schemes for inclusion within the Capital Programme, together with the overall consideration of the Capital Programme.

7. Monitoring and Evaluation of Projects:

Nominated project officers carry out the day to day control of the capital schemes using their professional and project management skills. The following monitoring process will also apply:

- Monthly financial monitoring by service managers and project officers;
- Financial Services carry out a regular monitoring and overview of capital spend; and
- A Capital Programme Officers Group review progress on the Capital Programme.

8. Performance Monitoring:

The Council has established a wide range of performance targets, indicators and service information. The Improvement Plan adds to this process together with statutory and other strategic plans (such as the individual Service Plans). These documents are monitored via a performance management system linking back to the visions and priorities within the

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Sustainable Community Strategy. The corporate priorities included in the Corporate Plan have been translated into a number of measurable actions/targets. The progress made against these actions/targets is monitored by the Corporate Management Team and the achievements or otherwise included in the subsequent Corporate Plan.

Some achievements are difficult to measure and therefore successes have not always been celebrated or promoted. In order to celebrate/promote the success delivery of the Council's Capital Programme officers have organised tours, for Members, the Press and officers of the council, of sites around Redditch where capital investment had been employed to 'Make a Difference' to the people of Redditch.

9. Corporate Procurement Strategy

The Council has approved a Corporate Procurement Strategy that broadly covers the following:

- * The Council's Procurement Objectives;
- * Requirements and regulations relating to procurement and EC procurement directives;
- * Procurement Options;
- * Social Responsibilities – Equalities and Diversity, and Sustainability;
- * Supplier Relationships;
- * Organisation Procedures and Roles; and
- * Efficient Procurement.

10. Asset Management

The Corporate Property Officer will conduct an ongoing review of the Council's remaining assets to see if they continue to meet the needs and aims of the Council. A Corporate Asset Management Strategy has been developed to ensure effective use and management of all of the Council's property assets and to identify surplus properties that could be disposed of where the capital receipt could be better invested elsewhere. The Council has developed a Minor Disposals Policy to assist with the release of resources through disposal.

The Council is undertaking a review of its Asset Management Plan that will:

- * be a rolling review of asset holdings and the justification of them;
- * provide for the continuous review of the asset suitability for their purpose and customer needs;
- * bring about the continuous improvement of information for property management;
- * include performance targets, for comparison against internal and external benchmarks.

The Council has carried out a public buildings stock condition survey the results of which have been costed and forecast over a 10 year period. Other data is already held within the authority to improve asset management information, however further work needs to be undertaken, which includes:

- * further development of the asset management system and property database.

11. Consultation

The Council has developed a one organisation approach towards consulting its local community. It has developed a corporate Consultation Strategy to meet the modernization agenda for local government. The Council has over a period of time utilised and developed a wide range of consultation mechanisms and approaches and these continue to be reviewed and evaluated.

12. Review of the Capital Strategy

This Strategy will need to be revisited on a regular basis to address issues arising from the changes introduced by central government, any further Housing Options Appraisals, individual service plans, the Council's revised Asset Management Plan, the availability of new sources of capital finance, and changes to the Council's Corporate Plan and/or Medium Term Financial Strategy. Each of these areas will produce a range of changing options and therefore will continue to shape the Strategy.