

CHESHIRE EAST COUNCIL

Cabinet

Date of meeting: 24 March 2009
Report of: Borough Treasurer & Head of Assets
Title: Capital Strategy 2009/10

1.0 Purpose of Report

- 1.1 To present the proposal for the development of the Capital Strategy for 2009/10 for Cheshire East Council and to form the basis for consultation with Members and key stakeholders.

2.0 Decision Required

- 2.1 To approve the proposal for the development of the Capital Strategy 2009/10 as described in Section 7.0.

3.0 Financial Implications for Transition Costs

- 3.1 There are no financial implications for Transition Costs as a consequence of this report.

4.0 Financial Implications 2009/10 and Beyond

- 4.1 The financial implications of the initial Capital Strategy adopted by Cheshire East Council are reflected in the Medium Term Financial Strategy and Treasury Management Strategy approved by Council on 24th February 2009.

5.0 Legal Implications

- 5.1 There are no specific legal implications related to the issues raised in this report.

6.0 Risk Assessment

- 6.1 The Council's Capital Strategy provides a strategic framework within which the Council can achieve its medium and long term priorities. By providing links with all of the Council's other key plans and strategies the effective use of capital resources will be maximised and value for money in the use of those resources will be clearly demonstrated. The risk of the poor use of capital resources will therefore be minimised and the Council will ensure that the Capital Programme can be delivered and is sustainable.

7.0 Capital Strategy Outline

- 7.1 The proposal for the development of the Capital Strategy 2009/10 as detailed in this report sets out the process for developing the Capital Programme in future years. It will ensure that the prioritisation of investment is clearly aligned to the Corporate Plan priorities, which allows for a three year Capital Programme to be developed through Service Delivery Plans.
- 7.2 The Capital Strategy is being developed from the best practice of the four existing Cheshire East authorities and the latest national and regional direction in this important area of strategy. Links will also be made with the Council's other key strategies to ensure that there is a coordinated Business Planning approach to the three-year planning cycle. The Asset Management Plan is being reported alongside the outline Capital Strategy as this plan demonstrates the intention to deliver the Capital Strategy through the effective management of the Council's assets. The Capital Strategy will cover the following areas:
- The Policy Framework and Corporate Priorities
 - National, Regional and Local priorities
 - Plans for delivery to Comprehensive Area Assessment (CAA) standards
 - Plans for delivery of the Value for Money (VFM) Agenda
 - Key Partnerships
 - Links to the Council's Key Plans & Strategies including:
 - Medium Term Financial Strategy (approved 24th February)
 - Treasury Management Strategy (approved 24th February)
 - Asset Management Plan (to be approved 2nd April)
 - Procurement Strategy (to be approved 24th March)
 - External Funding Plan (to be developed and approved)
 - ICT Strategy (approved 3rd March)
 - Links to Corporate Improvement Initiatives
 - Approach to Prioritisation & Programme Management
 - Resourcing the Capital Programme
- 7.3 The Capital Strategy needs to reflect the impact of the current economic volatility, particularly with regard to capital schemes that are fully funded or partly funded from linked capital receipts. Care will need to be taken with the commencement of new schemes if it is felt that the potential capital receipt is well below the level required to fund the scheme. The Capital Strategy also has strong links with the Treasury Management Strategy. The borrowing requirement resulting from the Capital Programme has been reflected in the Treasury Management Strategy and the revenue consequence of the Capital Programme has been reflected in the Medium Term Financial Strategy.
- 7.4 Further prioritisation will also be examined to reflect statutory requirements, health and safety issues, community consultation

outcomes, invest to save or income generation possibilities. Major items of repair, maintenance and renewal are identified by the asset management process, and fed into the three-year Capital Programme. The Capital Programme is developed by this process and matched to available finance identified from the Disposal Programme and other capital resources. The process for developing and monitoring the Capital Programme with officer and Member involvement will also be identified in the Capital Strategy and will include:

- Mechanism to identify new and innovative investment opportunities including Member and partner involvement
- Review of available capital resources including links to External Funding plan
- Capital Scheme appraisal process including Member involvement
- Capital Programme monitoring and reporting
- Performance measurement to demonstrate the effectiveness of the management of the Capital Programme and to measure the achievement of outcomes
- Quarterly reporting to Cabinet
- Consultation framework including links to the main Business Planning process

7.5 There is a need for flexibility in the availability of capital resources to be able to react relatively quickly to opportunities to:

- Introduce new innovations linked to the concept of Lean Systems
- Pursue additional invest to save schemes
- Pursue schemes jointly with partners

A comprehensive review of available Capital resources will be undertaken during the first quarter of 2009/10 and it may be appropriate to earmark a proportion of the available resources for this purpose.

7.6 **Principal Milestones for Development of the Capital Strategy**

Date	Milestone
Apr 2009	Review current Capital Programme: <ul style="list-style-type: none"> • Links to Corporate Plan priorities • Risks associated with linked capital receipts • Deliverability in light of current economic environment
Apr 2009	Review of Available Capital Resources: <ul style="list-style-type: none"> • Current assumptions in the Capital Programme • Grant availability • Links to Asset Management Plan – Asset Disposal Strategy • Borrowing Profile • Partner Contributions

	<ul style="list-style-type: none"> • S106 Agreements • Other sources
Apr/May 2009	Development of Programme Management and Prioritisation Mechanism including: <ul style="list-style-type: none"> • Links to Business Planning Process • Links to Consultation Programme • Plans for Member involvement • Links to External Funding Plan
May 2009	Consultation with Members, Partners and other Key Stakeholders
Jun 2009	Development of draft Capital Strategy 2009/10
Jul 2009	Draft Capital Strategy 2009/10 to Cabinet to recommend to Council
Jul 2009	Draft Capital Strategy 2009/10 to Council for approval
Jul 2009	Publish Capital Strategy 2009/10 on website

8 Reasons for Recommendation

- 8.1 It is important for the new Council to set out its broad Capital Strategy for 2009/10 to establish the national, regional and local context, to link with the Council's Corporate Plan and key strategies and to provide a framework for the development and delivery of the Capital Programme.

For further information:

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Background Documents:

Documents are available for inspection at:

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Sandbach, Cheshire CW11 1HZ