



Capital Strategy Review

John Calvert
Pat Martin
Rupert Cox
Paull Robathan



Why review?

- The current strategy was agreed in 2005/06 and implemented in 2006/07
- Release £18 Million over 6 years (£3 million per year) and uses a scoring methodology to prioritise capital bids
- + 2% Council Tax (150k)
- Continue to deliver capital projects to meet the corporate plan



Uncertainty

- Economic
- Political

Therefore a New Response



Constraints

- Lower Interest Rates
- Declining receipts
- Reduction in the Revenue Support Grant
- Borrowing not an option, Public works Loans Board 4.45% Interest 3.1%

= Impact on Medium Term Financial Plan



A new response

The review identified the new strategy needs to:

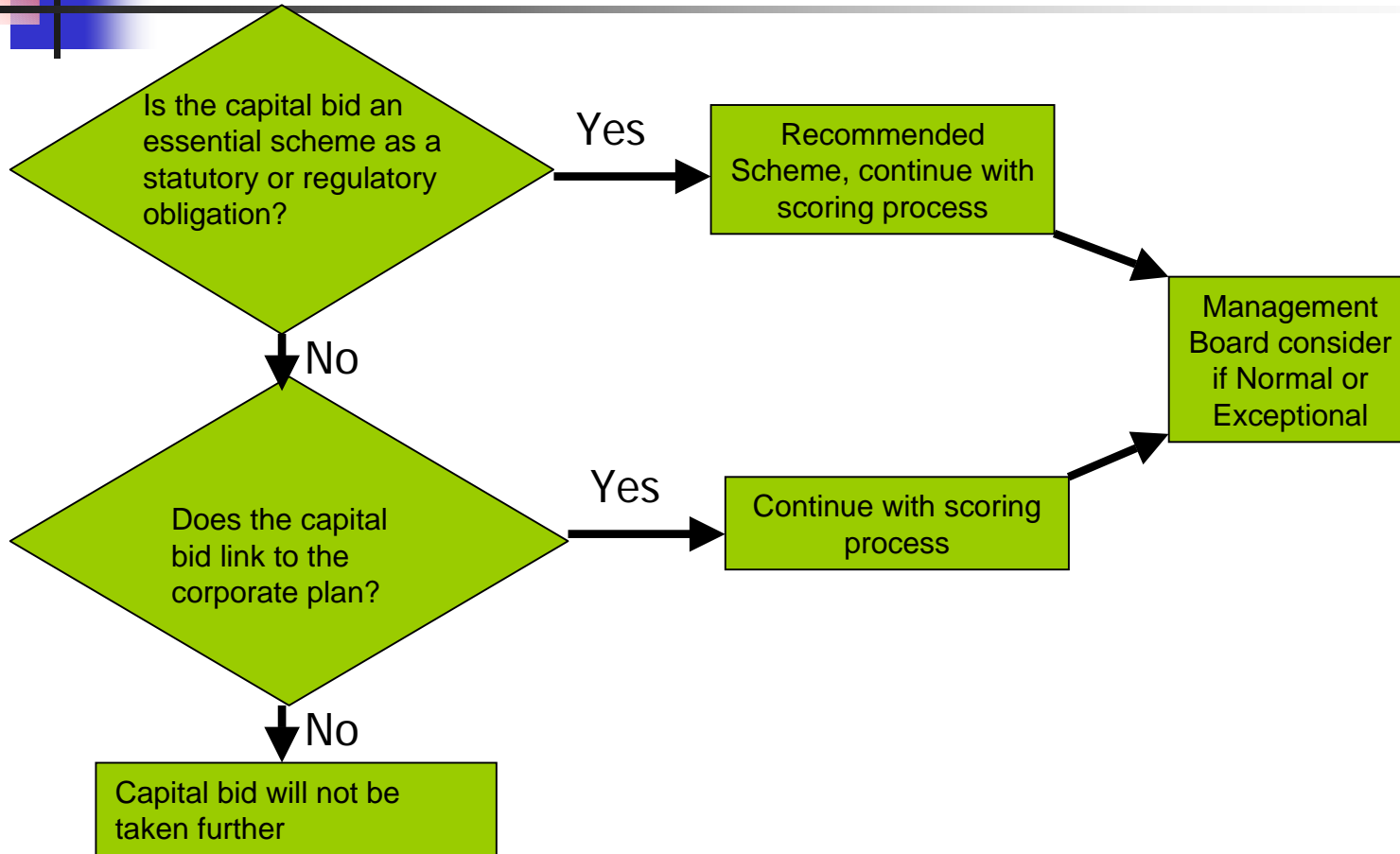
- Agility
- Actively manage risk



A New Strategy

- Two types of scheme:
 - Normal
 - Exceptional
- Management Board identify Exceptional schemes
- Remove the link between income from Council Tax increases and funding Capital Schemes
- Modify the scoring methodology; to include carbon/climate assessment strategy, Value For Money
- Management Board annually assesses all capital bids using the gate and scoring system.

Gate System

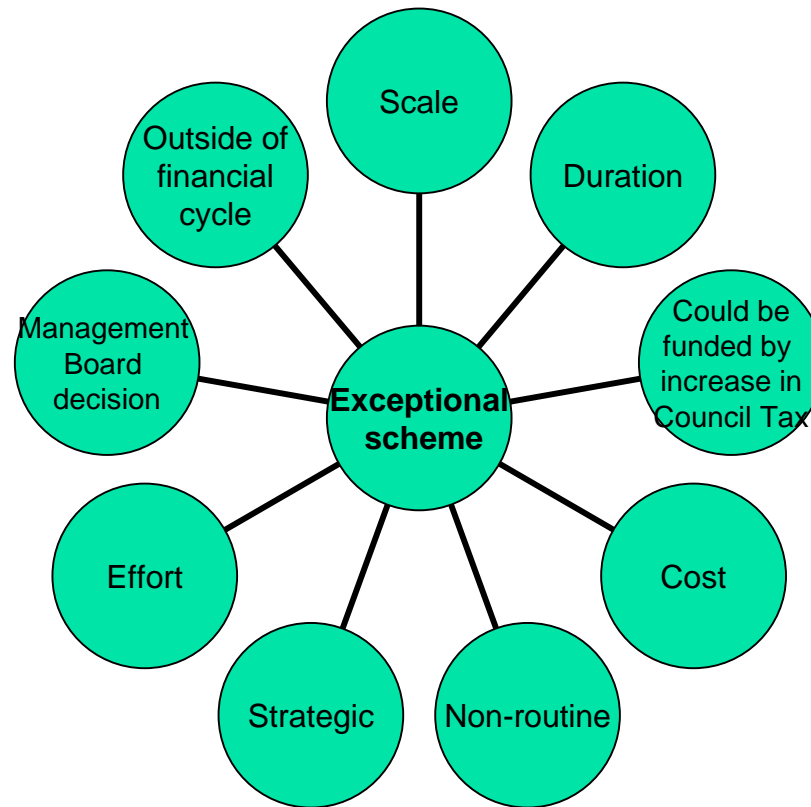




Modified Scoring

- Adds carbon and climate change as a scoring heading;
- Adds a scoring for financial impact through NPV
- Removes adding points if an asset for SSDC

Exceptional schemes





Additional considerations 1

- Treasury Management

The review group discussed Treasury Management and put forward several suggestions. Donna Parham – Assistant Director, Financial and Corporate Services has revised elements of the Capital Strategy to reflect these comments, an extract detailing the outcome has been provided for your information.

A further point for members to consider, should Area Committee members use the same or a similar scoring criteria?



Additional considerations 2

- Asset Management

The review group discussed Asset Management and Support Donna Parham's forward plan.

The group suggested it would be beneficial if Area Committee views are sought on the outcomes of Strategic Asset Management Groups class reviews, allowing members to be responsible for assets in their area. Donna has agreed to undertake this.



Decisions

- Should exceptional schemes link with Council Tax?
- Should the current strategy be replaced with the strategy put forward by the review?



Recommendations

- Introduce Revised strategy for financial year 2010/11 and Scrutiny assess the scoring methodology by September 2010
- Management Board assess all capital bids on annual basis
- Remove the fixed link between revenue interest and capital projects or Remove the necessity of Council Tax increases to ensure Capital Schemes can be funded.