



CAPITAL STRATEGY 2008

1. Introduction

- 1.1 Runnymede Borough lies in north-west Surrey some twenty miles south-west of Central London, covering an area of 7,804 hectares. Its northern and eastern edges are formed by the Rivers Thames and Wey. It has a population of 81,600 living in around 33,000 households. The area has an extensive green belt which makes it an attractive location to live and work. Development restrictions and demand for housing are reflected in high property prices. Additionally, Runnymede has a strong local economic base with many commercial enterprises in the town centres, industrial estates and business parks. As a result, more people commute into Runnymede for work than commute out. Equestrian and market gardening activities dominate in the rural areas with some traditional farming. The local economy, in common with the rest of Surrey is dominated by the service sector which employs some 62% of the workforce while manufacturing accounts for just 15%.
- 1.2 This Capital Strategy sets out the Council's approach to meeting community and service needs through its capital programme. The Council's objectives are set out in its Strategic Plan. The Plan is supported by a set of service plans that are renewed each year. The Capital Strategy describes how the deployment of capital resources will contribute to the achievement of these aims.
- 1.3 This strategy is consistent with the Council's housing policies and programmes. These are covered in the Council's Housing Strategy and HRA Business Plan. The strategy is also consistent with other plans and strategies, in particular the Borough's Local Development Framework, the Strategic Plan and the Community Strategy.

2. Aims and Targets

- 2.1 The Council's core service objectives, described in its Strategic Plan, are:-
 - Access to Affordable and Decent Housing
 - Access and Transport
 - Community Safety
 - A Sustainable Community
 - Economic Prosperity
 - Opportunities for Young People
 - Promoting Leisure and Culture
 - A Healthy and Vibrant Community
- 2.2 In achieving its objectives, the Council attaches importance to
 - Providing quality services
 - Achieving value for money
 - Improving customer satisfaction
 - Achieving continuous improvement
 - Effective partnership working
- 2.3 The Council has identified service objectives for each of its primary objectives. These are described in the Strategic Plan and summarised below.

<i>Service Objectives approved in the Strategic Plan</i>	
1.	<u>Access to Affordable and Decent Housing</u>
1.1	Provide a range of affordable housing for those in housing need, including those with support needs
1.2	Ensure that private and social housing is fit and of acceptable standard

Service Objectives approved in the Strategic Plan

- 1.3 Provide good quality services to the Council's tenants. Actively promote the role of formally constituted tenant groups in the management and improvement of its housing stock
- 1.4 Ensure that homelessness is kept to a minimum and that homeless people are given appropriate assistance
- 1.5 Develop safe and sustainable communities where people want to live
- 1.6 Provide services fairly to all sections of the community

2. Access and Transport

- 2.1 Tackle congestion and pollution,
- 2.2 Increase choice in public transport
- 2.3 Raise standards to make travel safe, more attractive and accessible to all.
- 2.4 Addressing issues of social exclusion caused by lack of access to transport

3. Community Safety

- 3.1 Work with the police and the local community to reduce incidents of
 - anti-social behaviour
 - burglary
 - domestic violence
 - drug misuse
 - race/hate crimes
 - traffic casualties and excess traffic speed
 - vehicle crime
- 3.2 Residents to feel safe and secure in their local communities by reducing the fear of crime and increasing reassurance.
- 3.3 Emergency planning: work with partners to ensure that the Borough is able to respond effectively in the event of any major incident.

4. A Sustainable Community

- 4.1 Maintain a first-class refuse collection service to residents, with targeted performance criteria.
- 4.2 Maintain a first-class recycling service to residents, and meet Government recycling targets.
- 4.3 Investigate the viability of extending the recycling scheme to additional materials, and to include schools, colleges etc. in our collection service.
- 4.4 Introduce a pilot collection scheme for green garden waste.
- 4.5 Ensure that planning and development is environmentally sensitive.
- 4.6 Enhance communication and educational development of environmental issues.

5. Economic Prosperity

- 5.1 Promote economic prosperity by tackling congested roads and by providing housing for key workers.
- 4.2 Promote local business through the Runnymede Business Partnership.

5. Opportunities for Young People

- 5.1 Improve opportunities for young people.
- 5.2 Find out what young people want and need.
- 5.3 Voice of young people to be heard.
- 5.4 Improve the safety of young people going to and from school.
- 5.5 Support scout, guide, voluntary youth groups and individual young people through grant aid.

6. Promoting Leisure and Culture

- 6.1 Develop community sports and leisure facilities.
- 6.2 Improve parks, open space and the natural environment.
- 6.3 Promote cultural and arts activities.
- 6.4 Leisure and sports development.
- 6.5 Promote and encourage local annual events and encourage tourism.

7. A Healthy and Vibrant Community

- 7.1 Provide affordable community services for the elderly and vulnerable.
- 7.2 Create a strategic planning and consultation body for older people.
- 7.3 Use performance indicators and standards to evaluate and monitor its services.
- 7.4 Work with the voluntary and faith sector to deliver the terms of the compacts that have been agreed.
- 7.5 Continue to work with the County Council and the PCT to ensure the delivery of the targets of the Healthy and Vibrant Task Group and reduce inequalities.

Service Objectives approved in the Strategic Plan

2.4 The capital programme (reproduced on pages 303 to 314 of the Budget Book 2008/09) and summarised in paragraph 4 of the context sheet (Appendix 1 on page 7 of this document) provides for expenditure on schemes associated with these objectives.

2.5 The strategy for financing capital expenditure reflects the following principles:-

- **Grant funding or other external contributions will be used to finance capital expenditure where possible.**
- **Replacements of assets for which contributions have been made to a reserve (equivalent to a depreciation provision) will be financed from that reserve.**
- **Major repair and improvement work on Council housing stock will be met from resources available to the HRA.**
- **The remaining capital expenditure will be financed from the funds it has generated from the disposal of assets (capital receipts).**
- **The Council is debt free and has no plans to borrow to finance capital expenditure.**

3. The Council's key partners

3.1 The Council has long established links with local community and voluntary groups, many of whom it supports through grant funding, and has signed a formal compact with the voluntary and community sector. In addition, the Council works with the following organisations:-

- Surrey County Council and neighbouring Borough Councils
- Surrey Police
- Registered Social Landlords
- Primary Care Trusts, Health Trusts and the Health Authority
- Runnymede Business Partnership and the universities
- Local voluntary and community groups and sports clubs

3.2 The Council actively encourages service delivery through partnerships and the involvement of local communities. Some examples of this are:-

Example	Purpose	How they function	Benefits that accrue
Public Halls and Allotments	To provide public halls and allotments that meet the needs of the local community.	Construction or funding by Runnymede BC. Facility rented to community groups at a nominal or low rent. Management provided by community groups.	<ul style="list-style-type: none"> • Higher utilisation of amenities. • Community involvement • Reduced costs falling on the taxpayer. • Promoting sustainability in the community.
Community Safety	To enhance the quality of life for residents and businesses and to promote sustainability in the community.	Collaboration with Home Office, Surrey Police, Surrey CC, Spelthorne BC, local businesses, residents, neighbourhood groups.	<ul style="list-style-type: none"> • Emergency response 24 hours a day. • Lower fear of crime (survey results). • Reduced crime rate.
Affordable Housing	To provide affordable housing for those who cannot afford the high cost of housing in the Runnymede area. To house the homeless and people living in poor housing conditions.	Facilitated by RBC. Funded by Housing Corporation grants, through use of the planning system and local contributions. Projects delivered by Housing Associations.	<ul style="list-style-type: none"> • Meeting housing need. • Using project management skills of the housing association • Attracting Housing Corporation funding. • Promoting sustainability in the community.
Special Needs Housing	To provide accommodation in Runnymede for vulnerable people with support needs.	As above.	<ul style="list-style-type: none"> • Meeting identified needs of this client group. • Using project management skills of the housing association

Example	Purpose	How they function	Benefits that accrue
Town Centre Regeneration	To revitalise the town centres as a place to live and work.	Land assembly by the Council and developed with private developers and housing associations.	<ul style="list-style-type: none"> • Attracting maximum funding for support. • Developing the local economy. • Attracting investment. • Improving the street scene in accordance with community and business wishes. • Meeting housing need. • Promoting sustainability in the community.

4. How the Council works to achieve cross-cutting outcomes

4.1 Examples of the Council's collaborative approach are as follows:-

Initiative	Outcome
Redeveloping the Pooley Green area following extensive consultation with the local community, using the 'Planning for Real' model, and in partnership with Thames Valley Housing Association and the Primary Care Trust.	<ul style="list-style-type: none"> • A new social centre and local park in consultation with the local community. • 7 units of social housing to help meet housing needs. • A new purpose built doctors' surgery. • Better use of community land assets. • Investment in improved allotment facilities.
Rationalisation of Chertsey allotments in consultation with allotments users and providing 56 units of social housing with A2 Dominion Housing Association.	<ul style="list-style-type: none"> • Better use of under-utilised allotment asset. • Improved allotment facilities on new sites. • Meeting identified need for additional cemetery land. • Providing extra social housing to help meet the housing strategy needs target. • Facilitating redevelopment of unpopular PRC built Council estate that failed the decent homes standard.
Reprovision of the Civic Offices in a new building shared with Surrey Police and Addlestone Library.	<ul style="list-style-type: none"> • Replacing old buildings that required major investment to continue occupation. • Multi-agency services delivered from one building to improve customer focus. • New building design supports customer focused service delivery and IT infrastructure.

4.2 The Council establishes multi-disciplinary project groups to ensure that schemes achieve corporate outcomes. Progress is regularly monitored by the Chief Officers' Management Team.

5. Prioritisation of capital project proposals

5.1 New capital projects are brought forward in the first instance to the appropriate Service Committees, having been appraised in consultation with the Director of Finance using the Capital Programme Appraisal Form (Appendix 2). Schemes are then prioritised and evaluated according to the agreed corporate criteria (Appendix 3) before the Corporate Management Committee consider the impact on the overall capital programme. The housing capital programme is evaluated separately in accordance with the Council's Housing Strategy.

5.2 The financial strategy includes projections of capital resources likely to be available within the period of the plan and provides the framework within which the forward Capital Programme has been developed based on existing and expected resources. The Capital Programme is reviewed in September each year with budgets being set in February. Review of the capital programme is an ongoing process throughout the year with only those schemes which have undergone detailed scrutiny being included in the programme.

- 5.3 Repair and maintenance is prioritised according to the guidance from DCLG in respect of the national performance indicators.
- 5.4 Potential schemes are evaluated in terms of the following categories to give an order of priority.

Priority 1

- Schemes essential and to the extent necessary to comply with statutory obligations
- Schemes for which there is a contractual commitment to another party
- Schemes necessary to avoid a service breakdown
- Schemes necessary in the interests of safety

Priority 2

- Schemes necessary to maintain an existing asset
- Schemes necessary to maintain required standards of service
- Schemes to meet urgent established need
- Schemes which will permit future savings or increased efficiency
- Schemes which a business plan demonstrates to be self-financing

Priority 3

- Schemes to permit the development of services in accordance with approved policies

Priority 4

- Schemes representing other desirable development services
- Schemes to meet emerging needs and/or demands emanating from consultation, benchmarking or Best Value exercises.

6. Capital Resources

- 6.1 The Council considers the resources required to finance the capital programme when it reviews its Housing Strategy and Business Plan and its medium term (5 year) Financial Forecast and at its budget setting meeting in February each year. The capital programme is regularly updated, monitored and reported to Members throughout the year to ensure finance is available and to take account of new opportunities and demands.
- 6.2 The Council is debt free. The capital programme has been funded from a combination of usable capital receipts, revenue reserves, grants, contributions and operational leases. Under the prudential code, the Council evaluates the financial case for financing capital expenditure from borrowing and sets a borrowing limit each year.
- 6.3 The Council seeks to attract private finance where this offers better value for money than internally generated resources. This approach has been successful in achieving urban renewal schemes in partnership with private developers and rolling out e-government. For large value schemes, it is Council policy to invite developers to submit innovative funding proposals where these represent value for money.
- 6.4 The Council seeks to attract grant funding to support service development where it can demonstrate that scheme objectives fulfil the purpose set by the grant-giving body.

7. Evaluation and Monitoring of Capital Schemes

- 7.1 The Council's capital programme includes spending plans for the ensuing five years. The Financial Forecast and capital programme are based on the Council's strategic objectives (see section 2). The revenue implications of capital schemes (i.e. financing costs, running costs, income and savings) are reflected within the Financial Forecast. Decisions on the phasing of capital schemes will depend upon the availability of funds, the priorities accorded to each scheme and the implications for the revenue budget.
- 7.2 Evaluation and monitoring is co-ordinated by the Property Management Group who report to the Chief Officers' Management Team. This is a group of senior officers including the legal, property and

finance disciplines and key service managers. It implements programmes, monitors progress and develops plans and strategies for the effective management of the Council's portfolio.

- 7.3 New capital schemes are subject to scrutiny and appraisal by the Council through its Committee structure. The detailed arrangements are set out in the Council's Financial Regulations and the Finance Rule Book.
- 7.4 Monitoring of resources takes place throughout the year. Project management disciplines are used to ensure that targets are met and expenditure is contained within budgetary provision. Financial Regulations require Chief Officers to report any anticipated overspending in excess of 10 per cent or £25,000 (whichever is the less) to the Corporate Management Committee stating the amount of the anticipated excess and the reason. In any event, the Committee receives regular progress reports on all schemes over £100,000 and, on completion, an evaluation of the success of the schemes in meeting the stated objectives. The more significant schemes are subject to a formal project management procedure (see paragraph 4.2).
- 7.5 In addition to the monitoring of progress during the year, the Council receives an annual report on the expenditure achieved in the last financial year compared with the capital programme. All strategic schemes require a further report within 12 months of completion to review their success in achieving the stated objectives.

8. Procurement Strategy

- 8.1 The Council is committed to achieving best value for money in the procurement of its services. The Council's Procurement Strategy describes how procurement activities support the delivery of objectives and the efficient discharge of services.
- 8.2 The Council's Standing Orders For Contracts and Financial Regulations set out the rules that apply to the commissioning of works or services to ensure that the Council receives value for money for the expenditure it authorises. Separate instructions deal with the value for money and probity aspects of land acquisition and disposal.
- 8.3 Industry quality standards for plant, vehicles and capital equipment are also used where available.

9. Efficiency and Value for Money

- 9.1 The efficient delivery of services and the achievement of revenue savings requires an ongoing review of asset holdings. For General Fund related services, this is achieved throughout the Asset Management Plan. Housing needs are determined in accordance with the Housing Strategy and the HRA Business Plan.
- 9.2 The Asset Management Plan considers the need to hold assets and the opportunities for asset disposals to fund future service initiatives.
- 9.3 The Procurement Strategy requires procurement decisions to take account of the whole life costs of the options under consideration.

10. Consultation

- 10.1 The Council consults on its strategies and provides feedback with the community and a wide variety of interested groups. This is undertaken through the Residents' Panel, special interest groups (e.g. Disability Liaison Group, Tenants Associations and Allotment Users), the Runnymede Business Partnership, other local authorities and other strategic partners. This two-way process is informed by the use of relevant performance indicators, benchmarks and detailed outcome reports.
- 10.2 The views obtained inform the development of service strategies, the Community Strategy and the Strategic Plan and these feed into the Capital Strategy.
- 10.3 Major capital investment will be in response to evidence based work, need, demographic trends and the appropriate local or user group consultation. Effective ward networks provide an important source of policy and service aspirations.

CONTEXT SHEET

i) Statistical & Financial Information

1. Gross and net revenue budget 2008/09

	General Fund	HRA	Total
	£000	£000	£000
Gross expenditure	46,120	15,629	61,749
Net expenditure	10,802	1,692	12,494

2. Information on the type and value of assets across the main service areas

Description	Numbers at 31 March 2008	Area GIA m ²	Value at 31 March 2008 (£000)
Housing - operational			
Houses, flats and bungalows	2,963		258,147
DIYSO portfolio	92		7,415
Miscellaneous properties	5		766
Reception Centre			275
			266,603
Other operational land and buildings			
Car Parks	15	1,220 spaces	4,883
Civic Offices	1	5,500	6,520
Community Centres & Public Halls	11	3,230	4,294
Depot	1	578	1,040
Public Conveniences (Excluding Parks)	4	390	104
Day Centres	5	3,028	5,431
Leisure Centres	1	2,900	3,191
Leisure Centres – Dual Use	1		1,335
Cemetery buildings			393
Parks and Open Spaces buildings	20	2,776	2,568
Museum	1	337	0
HRA - Heathervale Caravan Site	68		1,057
Other HRA properties	1		218
			31,034
Community Assets			
Cemeteries	4		118
Parks and open spaces land		361 hectares	2,696
Allotments	14	plots	977
			3,791
Non operational assets			
Investment properties			
- General	40		14,927
- HRA Garages	1,269		3,108
- HRA General	4		792
Assets under construction	1		14,382
Surplus assets held for disposal			4,463
			37,672
Vehicles, plant and equipment			
			4,514
Intangible assets			
- Computer software & licences			290
Infrastructure assets			
			260
Total			344,164

3. Maintenance Backlog: **Non-housing stock** :-

	£000	Proportion	Description
Category 1	Information not available		Urgent works
Category 2			Essential work required within 2 years
Category 3			Desirable work required in 3 to 5 years
	£ 0		

Housing Stock: The definition of maintenance backlog is different in respect of the housing stock. The Housing Business Plan Statistical Appendix provides details of the maintenance programme.

4. Summary capital programme

HOUSING CAPITAL PROGRAMME

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Service areas				
Improvement of Council dwellings	4,340	3,790	3,796	4,008
Refurbishment and redevelopment	521	40	40	40
Private sector housing renewal	444	495	521	547
Affordable housing programme	2,637	2,150	1,500	1,500
	7,942	6,475	5,857	6,095
Method of Financing				
Capital Receipts	2,209	3,790	3,796	4,008
Government Grant	270	270	270	270
Developers' Contributions	0	650	0	0
Revenue contributions (including MRA)	5,463	1,765	1,791	1,817
	7,942	6,475	5,857	6,095

CAPITAL PROGRAMME FOR OTHER SERVICES

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Service areas				
Community Services	50	35	250	0
Leisure Services	1,152	175	170	170
Environmental Services	86	360	110	1,610
Economic Development	285	585	285	285
Information Technology	532	165	128	200
Grants to local organisations	53	53	53	53
	2,158	1,373	996	2,318
Method of Financing				
Grants and contributions	689	300	0	0
Revenue Reserves	502	210	198	270
Capital Receipts	967	863	798	2,048
	2,158	1,373	996	2,318

The Council currently has no plans to borrow to finance the capital programme.

5. Anticipated capital receipts

FORECAST CAPITAL RECEIPTS

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Service areas				
Housing	3,080	1,075	775	775
Other Services	25	9,645	775	1,662
	3,105	10,720	1,550	2,437

(ii) Other contextual information

Population (mid 2006)	81,200
Area	7,800 hectares
Electorate (June 2008)	57,625
Principal Towns	Addlestone, Chertsey and Egham
Homes in the Borough (June 2008)	33,298
Number of Staff employed by Runnymede (January 2008)	309 Full time; 183 Part time (428 full time equivalents)

CAPITAL PROJECT APPRAISAL FORM
 A full set of appraisal forms must be completed in full and returned to the Director of Finance for signature and evaluation prior to submission to any Committee.

Scheme Appraisal

Project Name _____

Brief Description of Scheme _____

Proposed start date _____

Length of Project _____

Type of project (Please tick)

New	<input type="checkbox"/>
Improvement	<input type="checkbox"/>
Refurbishment	<input type="checkbox"/>
Replacement	<input type="checkbox"/>

Is scheme a result of legal/statutory requirements? (If yes please specify) Yes / No

Is scheme a result of stakeholder consultation ? (If yes please specify) Yes / No

Which elements of the Council Strategy does this scheme assist in the delivery of and why?

- Affordable and Decent Housing
- Access and Transport
- Community Safety
- A Sustainable Community
- Economic Prosperity
- Opportunities for Young People
- Promoting Leisure and Culture
- A Healthy and Vibrant Community

What other aims /objectives / strategies are relevant to this scheme?

What are the expected outcomes?

(Please quantify where possible e.g. improved BVPI performance, extra users, additional income etc)

What other options have been considered?

Reasons for pursuing this option?

What would be the consequences of not undertaking /delaying the scheme?

What are the Risk Management Issues in pursuing this scheme?

(Managerial, Financial, Operational etc. Please list)

How does the project meet the objectives of the Procurement Strategy?

What Efficiency Gains does this scheme produce?

Financial Appraisal
To be completed in conjunction with the Finance Department

Capital Expenditure

- Staffing
- Consultancy & other fees
- Land Purchase
- Construction, Conversion & Repair
- Equipment & Vehicles
- Computer Equipment & Implementation Costs
- Other (Please specify)
- Other (Please specify)
- Other (Please specify)
- Total Capital Expenditure**

CAPITAL COSTS				
Year 1	Year 2	Year 3	Year 4	Year 5
£	£	£	£	£
-	-	-	-	-

Capital Income

- Contributions
- Grants
- Other (Please specify)
- Total Capital Income**

-	-	-	-	-

Net Capital Outlay

-	-	-	-	-
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Revenue Expenditure (Please specify)

Less: Savings to existing budget (Please specify)

Additional Revenue Expenditure

Revenue Income (Please specify)

Additional Revenue Income

Estimated Additional Net Costs / (Net Savings)

- Capital Charges
- Total Revenue Charge**

REVENUE COSTS				
Year 1	Year 2	Year 3	Year 4	Year 5
£	£	£	£	£
-	-	-	-	-

-	-	-	-	-

-	-	-	-	-
-	-	-	-	-

Implications for the Council Tax

Loss of Investment Income	-	-	-	-	-	
Net Revenue costs /savings)	-	-	-	-	-	
Impact on Band D Council Tax	£	-	£	-	£	-

What are the Staffing Implications?

What are the VAT Implications?

Authorisation

Signed _____ Project Officer Date _____

Signed _____ Chief Officer Date _____

Signed _____ Director of Finance Date _____

Accountancy Use Only

Date of Approval by Corporate Property Group (Where applicable) _____

Evaluation Score _____

Committee Report to be presented to: _____

CAPITAL PROJECT APPRAISAL
Evaluation Criteria

Criteria	Score	Range of scores
Complies with Councils Corporate Objectives as set out in the Leaders Position Statement		40 Fully complies 20 Partly complies 0 Does not comply
Complies with Property Strategy		20 Complies 0 Does not comply
Complies with Service Objectives contained within the Best Value Performance Plan/Service Plan		10 Fully complies 5 Partly complies 0 Does not comply
Is necessary to comply with legislative requirements		20 Essential 10 Recommended 0 No requirement
Supports meeting a Contractual Obligation		20 Fully supports 15 Partly supports 0 Does not support
Is necessary in interests of safety		20 Essential 0 No safety issues
Necessary to avoid service breakdown		20 Essential 0 Not Essential
Necessary to avoid consequential financial losses		10 Essential to avoid 0 No losses
Produces identifiable revenue savings		10 Covers capital charges 5 Partly covers charges 0 No saving
Involves Partnership working		5 Involves partners 0 No partners
Total		Out of a possible 175