

**Winchester City Council**

**Capital Strategy 2005**

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## **Background**

- 1 Winchester City Council is a district council within the County of Hampshire. At its heart lies the ancient cathedral town of Winchester, the former capital of England and burial place of early English Kings. It covers a large area of 660 square kilometres (250 square miles) and has a population of approximately 110,000 people. Of these about 30,000 live in the town itself and the remainder live in market towns and rural areas around the District.
- 2 Winchester's rich heritage and natural landscape make conservation, planning, tourism and archaeology important features of the Council's work. The City is also a centre for education and learning with many higher and further educational institutions as well as being the home of Winchester College, the oldest school in England.
- 3 The District is within easy commuting distance from London and some of the major south coast conurbations and this gives rise to very low unemployment levels, currently at about 0.6%. There are 45,000 households in the district and the Council faces a particular challenge in trying to provide sufficient affordable housing for local people. To the south of the district Whiteley offers a modern industrial base for many of the area's high-tech employers. The armed services also play an important part in the life of the District with several army establishments in the northern part and naval establishments in the south.
- 4 In terms of scale, the gross revenue expenditure budget for the Council in 2005/06, including the Housing Revenue Account (HRA), is £76.6million and its gross income budget is £54.6million. The current six year capital programme amounts to £44.9m.

## **Introduction**

- 5 All local authorities are required to adopt the principles of good asset management in managing their capital assets. A key element of this process is the production of a capital strategy, which has been developed in conjunction with an Asset Management Plan (AMP) and a Housing Business Plan (which includes the Housing Investment Programme (HIP)). The Government's good practice guidelines have been observed in producing the City Council's plans and strategies. The strategy for 2005 is in similar format to that produced in 2004 but updated for new developments and any policy changes.
- 6 Although the City Council's capital programme largely revolves around the housing issues identified in the Housing Investment Programme the wider issues of other service provision are also clearly identified and financed in the capital programme.
- 7 The Council is committed to ensuring that the allocation of resources reflects the strategic priorities it has identified. These have been determined in consultation with the local community and reflect the issues identified in the Community Strategy and in conjunction with the Local Strategic Partnership (LSP). Future capital programmes will be influenced further by developments in community engagement and the work of the LSP.
- 8 The Council's commitment to value for money and efficiency is also an important consideration in formulating the capital strategy, especially where cross cutting issues are involved.

## **Key Capital Spending Objectives**

- 9 In support of the Corporate and Community Strategies the priority is to invest in capital projects in the key service areas:
  - (a) Provide affordable homes in safe and pleasant environments for all sections of our community,
  - (b) Create communities which feel safe and further reduce levels of crime and anti-social behaviour in the District,

- (c) Minimise pollution and waste and make efficient use of resources,
  - (d) Ensure that everyone can play a full part in the life of their community,
  - (e) Achieve a strong and diverse urban and rural economy which builds on local strengths and offers opportunities for all
  - (f) Increase access to cultural and sporting activities
- 10 Capital investment contributes to the achievement of the Council's objectives by producing the finance and other resources necessary to provide facilities for the people of the District directly or in partnership with others. It can also be a powerful mechanism for leveraging in other sources of finance either directly or through other parties. Enablement is a key factor in determining where best to invest resources and may determine whether facilities are provided directly by the City Council or by partner organisations.
- 11 In determining capital investment the Council is keen to use the best practices in relation to procurement and construction practices. Although major construction projects are scarce in the capital programme, where they are included then best practice is followed. The project to rebuild a sheltered housing scheme at Makins Court embraced the Egan principles and upgrading of the Council's sewage treatment works is carried out to the standard where they can be adopted by the local water company. In all cases of procurement, the Council's objective is 'Best Value', which by definition evaluates both cost and quality. The Council's objective is not just lowest cost (although this does not imply a lack of cost consciousness).
- 12 Optimum use of scarce resources is also inherent in this approach and 'Best Value' is achieved using appropriate competitive methods. In the case of contract works formal tendering procedures are undertaken. In the case of new social housing supply there is a healthy, competitive process which for several years has very closely mirrored 'Joint Commissioning' procedures, and was mutually agreed between the Council and the Housing Corporation in order to ensure cost effectiveness. In this latter respect, the evaluation of financial information (e.g. rent levels) was married to an evaluation of softer social issues with quality of life a strategic objective of the Council. The changes to the Local Authority Social Housing Grant regime which were brought in at very short notice in April 2003 altered the balance of funding for social housing and made it even more imperative to ensure optimum use of scarce resources.

### **Capital Programme 2005/06**

- 13 The Council's capital programme for the year 2005/06 is summarised below:

	£
Housing Revenue Account	3,246,000
Housing Renovation Grants	620,000
Affordable Housing	938,000
Other Housing	1,017,000
Health	185,000
Environment, Transport & Access	390,000
Community, Arts & Social	1,896,000
Property	1,674,000
ICT	<u>1,876,000</u>
Total approved programme	<u>£11,842,000</u>

- 14 Sources of funding for the above capital programme are:
- |                               |           |
|-------------------------------|-----------|
| Major Repairs Allowance       | 3,246,000 |
| Supported Capital Expenditure | 886,000   |

Grants	270,000
Bequests	40,000
Capital Receipts	3,947,000
Other Reserves	2,962,000
Other sources	<u>491,000</u>
Total Funding	<u>£11,842,000</u>

### **Drawing up the Capital Programme**

- 15 Following severe financial problems in the early 1990s the City Council has gradually rebuilt its capital programme. The current emphasis is on ensuring that the Council's housing stock is maintained at a high standard and encouraging the provision of affordable housing within the District to meet the severe shortages now being experienced. In tandem with this is the recognition that other facilities are essential for a balanced community. Although the capital programme cannot yet meet all the community's aspirations, effective capital planning will ensure value for money in the use of the limited resources available.
- 16 The City Council considers the total capital programme as part of the budgetary process. Six-year capital projections are produced as part of the overall financial strategy.
- 17 Using the approved capital programme, including the then current HIP submission, as a starting point a thorough review of the capital programme was carried out in autumn of 2000 by a representative officer group (Capital Programme and Assets Group (CPAG)) chaired by a senior member of staff. The group considered issues of priority, resources and funding and reported back to Cabinet in December 2000, with appropriate recommendations, which were fed into the budget process.
- 18 CPAG drew up a framework document setting out the methodology that is used by the Council to assess and categorise capital bids. This identified which criteria are to be taken into account and how they are to be collated.
- 19 Each scheme within the programme is identified with a brief description of the works to be undertaken along with a realistic estimate of the total cost and running costs. The methodology used to arrive at the cost estimate is also clearly identified.
- 20 The capital programme is updated annually by the CPAG on the basis of identified needs and priorities and is reviewed by the Corporate Management Team (CMT) before being submitted to the Cabinet in December each year as an integral part of the budget process. It is updated in July each year, taking into account legislative changes, new schemes approved and any roll forward of budget from the previous year.
- 21 With regard to prioritisation, the Council has detailed forward plans for each major element of capital investment required. The Council is realistic about the speed at which those plans can be delivered in line with available resources. The decision in March 2002 to pay off all external debt and achieve debt free status enabled resources from set-aside capital receipts to be recycled into the capital programme. This was most pertinent in respect of new social housing supply but also in the provision of social and community facilities throughout the District. The Council commissioned a Housing and Planning Urban Capacity Study in 2002 which identified that good development opportunities exist, subject to planning approval, to provide at least 400 new affordable homes to rent, as well as a range of community facilities, on suitable sites held in the Housing Revenue Account.
- 22 One area that has been identified for a more comprehensive capital management approach is the Council's operational property. This is the subject of work by CPAG to devise a medium term programme.

### **Initiation and Approval of Capital Projects**

- 23 All capital projects must be initiated by a sponsoring client officer (normally the relevant Director) and have a named project manager who has overall responsibility for bringing the project in on time and within budget.
- 24 Initiation and monitoring of capital items is in accordance with limits set out in the current Financial Procedure Rules and the Council's Project Management System.
- 25 Inclusion of a scheme in the capital programme does not constitute authority to incur expenditure until a project report has been submitted to CMT and CPAG by the appropriate Director in consultation with the Director of Finance, and the scheme then approved by Cabinet and/or the appropriate committee.
- 26 All projects estimated to cost in excess of the limit set out in the current Financial Procedure Rules must have a feasibility report approved by Cabinet.

### **Performance Monitoring**

- 27 CPAG monitors progress against the agreed capital programme and produces quarterly reports for the Corporate Management Team (CMT) and Cabinet. Financial performance against budget is the prime measure currently used but time targets and slippages are also monitored.
- 28 An annual capital performance monitoring report also goes to the Cabinet providing explanations for any significant variations against budget. This constitutes an element of the performance management framework, measuring continuous improvement over time. An overall measure of performance to achieve 95% spend against the capital programme was the target for 2004/05. Actual performance was 69% and a report of the variance was given to Cabinet as part of the monitoring process (CAB1083). The target for 2005/06 has been set at 90% on the rolling programme over a 3 year period and allowing for the fact that some projects are spread over more than one year.
- 29 The Principal Scrutiny Committee can review any major capital project or programme at any time and in the past year have reviewed the Broadway/Friarsgate Development proposals. They also completed a review of capital projects management.
- 30 A post implementation review must be carried out six months after implementation for each major scheme approved. Findings must be reported to the appropriate Scrutiny Panel. The post implementation review should identify learning opportunities and assess the value for money achievement, helping to identify payback on the investment of resources.

### **Resourcing the Capital Programme**

- 31 The major sources of finance available for capital projects are borrowing, capital receipts, grants, revenue contributions and reserves. Authorisation to spend on capital projects was hitherto constrained by the availability of capital approvals (from Government), usable capital receipts, grants (Government, lottery, etc) and contributions from revenue or reserves. Under the provisions of the Prudential Code regime, which came into force in 2004, the Council can invest in a capital programme so long as its capital spending plans are affordable, prudent and sustainable.
- 32 The current policy is to finance firstly from supported capital expenditure (SCE) approvals where available, then from capital receipts, revenue and reserves. Funding of HRA capital schemes, other than sewage works (which have been funded mainly from capital receipts) is primarily from the Major Repairs Allowance (MRA), admissible capital approvals and revenue, subject to review when SCE allocations are known.
- 33 Although some capital approvals have been received in recent years there has been no certainty as to availability or amount so the emphasis has been on funding from

- capital receipts (arising mainly from the sale of council houses but also sometimes from sale of non-operational property) and revenue. In 1997/98 the Council established a Major Investment Reserve into which revenue surpluses from the general fund are paid and which can be used to finance capital expenditure.
- 34 The major source of capital receipts is from the sale of Council houses under the Right to Buy scheme. The Council's decision to make early repayment of outstanding long term debt, referred to in paragraph 22 above, freed up set-aside capital receipts to enhance the capital programme. However, legislative changes to pool all receipts from HRA sales into a national pool from 1<sup>st</sup> April 2004 severely limit the City Council's ability to fund capital projects in future years, although the taper arrangements do give some relief up to 2007.
- 35 An ongoing review of non-operational assets was initiated by CMT in 2001 and is currently being monitored by CPAG. Some properties have been identified for disposal but with others the loss of rental income could have an adverse impact on the revenue budget and this is taken into account in reaching decisions. The merits of continuing to hold non-operational properties in the Housing Revenue Account (HRA) was considered by Cabinet in 2004 and is subject to an ongoing review, with some properties having been moved to the General Fund.
- 36 Funding from other potential sources such as European funds, lottery funds and new Government initiatives such as the Invest to Save budget have been explored by the CPAG and applications for funding made, although so far with limited success. Some funding has been received from the Government's Implementing Electronic Government (IEG) programme.
- 37 The use of Private Finance Initiative (PFI) funding has been considered by the Council and an unsuccessful application for PFI funding for additional social housing was submitted in 2002. CPAG will continue to consider all new schemes put forward, with a view to utilising PFI if appropriate and economic to do so.
- 38 Major Public/Private partnership funding has been a feature of outsourced contracts in recent years. The full vehicle fleet was replaced under a ten year contract for Depot services with Serco Ltd; major enhancements were made to River Park Leisure Centre under a ten year management contract with DC Leisure Ltd; and capital funding for enhancements to the Guildhall have been secured under a four year catering contract with Milburns Restaurants Ltd.

### **Partnership Working and Consultation**

- 39 Partnership working underpins much of the Corporate Strategy. A Local Strategic Partnership comprising local authorities, the local business community, voluntary bodies, the local military community, Primary Care Trust and the local education sector has helped the City Council develop its Community Strategy. The development and implementation of this is subject to ongoing discussions with other partners within the community and has a direct impact on the future capital programme.
- 40 Consultation takes place at many levels within the authority. These include local tenants groups (e.g. TACT), local community groups (e.g. WACA/CAB), local business fora (e.g. Chamber of Commerce and Town Centre Manager) and with other public bodies (Hampshire County Council, Primary Care Trust, Parish Councils). The Council conducts regular surveys through its Citizens' Panel. Feedback from these various sources informs the strategies and business plans produced by and for Members.
- 41 Capital works undertaken by the City Council on behalf of other authorities are normally included in the capital programmes of those other funding authorities. Although strategy, priorities and funding may be determined elsewhere, supervision and management of these schemes form an element of the overall approach to capital resource management.

- 42 The Council works closely with Hampshire County Council on highway and transportation capital projects but all costs of these are included in the County capital programme and the Local Transport Plan. On 1 May 2002 a more streamlined approach to managing the maintenance of Hampshire's roads was introduced. A Best Value review found that the structure of the old system - with both the County Council and some district councils undertaking a range of highway maintenance measures - could be improved. Staff working on highways at district councils were transferred to the employment of Hampshire County Council, integrating all highway maintenance staff in Hampshire under the same management structure. The new system is more flexible and has improved opportunities for partnership working. A new countywide Customer Service System is replacing outdated paperwork with an electronic database. In the longer term there will be a single countywide telephone number, which will automatically route callers to their local Hampshire Highways office, where staff with knowledge of the local area can deal with enquiries.
- 43 Joint working with social housing providers is inherent in the strategy, both the provision of social housing grant to housing associations and the direct commissioning of joint provision sheltered housing at Makins Court with a housing association.
- 44 There is regular liaison with the health agencies and a joint project to relocate one of the family health practices in Winchester is currently being negotiated in conjunction with the Primary Care Trust.
- 45 In collaboration with the local Housing Needs Group and the Domestic Violence Forum the Council contributed £300,000 in 2001/02 from its social housing grant programme to the setting up of a domestic violence refuge for women in the district. The City Council worked in conjunction with a local housing association to complete this project.
- 46 Joint procurement of a new revenues and benefits system with a neighbouring district council was included in the capital programme and completed in 2001/02. Successful completion of this project has led to closer joint working and a project for web-enabled access to revenues systems has been developed jointly and went live in 2005.
- 47 Close working with Parish Councils on the provision of open spaces and play areas has resulted in a large number of schemes across the District being funded from developers' contributions negotiated by the City Council. The Council's approach to ensuring that developers make fair contributions towards the cost of new facilities required as a direct result of development has ensured that there is a good level of provision in these areas without the need to divert other resources. The Council also has a provision for environmental improvements in rural areas that allows access for Parish Councils and local interest groups to funding for small local schemes that would not otherwise be undertaken.
- 48 Capital infrastructure in the Major Development Area (MDA) at West of Waterlooville is being planned in conjunction with three other local authorities, the local Primary Care Trust, Developers and Social Housing Providers.

### **Summary**

- 49 This capital strategy has been drawn up to assist the Council in providing facilities that will benefit the local community. To do this it embraces the principles of good asset management of the Council's capital assets and obtaining value for money from the Council's limited resources. In this process the needs and priorities of the local community are paramount and a number of mechanisms are employed to ensure that the outcomes from the Council's capital programme reflect these adequately.

**Reference Documents**

Asset Management Plan 2005  
Best Value Performance Plan 2005  
Budget Book 2005/06  
Community Strategy 2005  
Corporate Strategy 2005 – 2008  
Departmental Business Plans 2005  
Financial Strategy 2005  
Housing Strategy 2005/08  
HRA Business Plan 2005/06



Annex 1 – Capital programme

## Partnerships and Community Planning

*The Council actively encourages input from the community and the following form the local strategic partnership:*

Winchester & District Working Together (representing the City Council & local community);

Hampshire Constabulary (representing Community Safety Group);

Winchester Area Community Action and Winchester & District Working Together (representing the Voluntary Sector);

North Hampshire Chamber of Commerce & Industry (representing the business sector);

Hampshire County Council (representing HCC & the local community);

University College Winchester and Community Learning Partnership (representing the learning sector);

Winchester & District Association of Parish & Town Councils (representing Parish & Town Councils and the local community);

Mid Hampshire Primary Care Trust (representing the health sector);

Winchester Housing Group (representing the housing sector);

Winchester Churches Together (representing the Faith Sector).

*In addition consultation is carried out on a range of issues with:*

Service users

Winchester Citizens' Panel

Neighbouring District Councils

Various Professional Bodies

Members of Winchester City Council

Staff of Winchester City Council

Contractors carrying out work for the City Council

*Consultation is carried out via:*

Open meetings

Special topic meetings

Questionnaires

Local Fora

*Feedback is considered by:*

Cabinet

Scrutiny Committees

Corporate Management Team

Departmental Teams

Working Groups

## Programme Area Service Investments

The capital strategy is informed by service strategies and business plans referred to in the body of the report. Extracts from the plans showing the key facets of investment strategy appertaining to these areas are summarised below.

The service strategies illustrate how competing priorities have been balanced and give outlines of each element within the strategies, noting that complete detail is available for component parts in individual forward plans which are fully researched, carefully prioritised and re-evaluated annually.

### A. HOUSING INVESTMENT PROGRAMME (HIP) 2004/2007

#### 1 INTRODUCTION

1.1 The Council's Housing Strategy for 2004 - 2007 *Shaping up for the Future - Promoting Quality, Availability and Choice* and its Housing Revenue Account Business Plan have been developed in line with the Guidance and information issued by Central Government on the single capital pot and housing business plans. Both the strategy and the HRA Business Plan have been assessed as "Fit for Purpose". They are realistic about the likely resources available and give recognition to the fact that changes to HIP and the introduction of the Major Repairs Allowance (MRA) provide the authority with greater freedom to spend resources according to its priorities.

#### 2 ELEMENTS WITHIN THE HIP

##### 2.1 Decent Homes Standards and Investment Needs

2.1.1 With 5,200 properties that have a capital value in excess of £280M, the Council's Housing stock is recognised as a strategically critical resource.

2.1.2 Following a stock condition survey in 1988 and well-targeted investment since, the housing stock has been subjected to a 'second' survey by Surveying Consultants David Adamson (DAP) in 2003/04.

2.1.3 The 2004 stock survey has "benchmarked" the Council's housing stock against the Government's Decent Homes Standard (DHS).

2.1.4 The results of this assessment in headline form is as follows:

- (a) As at 2003, 3646 dwellings (69.7%) of the housing stock comply with all requirements of the DHS and are by definition Decent.
  - (b) The remaining 1586 dwellings (30.3%) fail at least one part of the standard and are non-decent. It is estimated that to bring these properties up to standard by 2010 will cost £1.664M.
  - (c) A revised estimate of properties owned by the Council on 1<sup>st</sup> February 2005 (5182) that are by definition non-decent is 908 properties (17.5%), and by implication 4274 properties (82.5%) meet the Decent Homes Standard.
  - (d) When allowing for future major repairs, repairs to achieve decency, "catch-up" repairs, contingent major repairs and recurrent expenditure (eg responsive, voids, cyclic maintenance) and disabled adaptation works, the Council will need to invest approximately £219M over the next 30 years.
  - (e) The assessment takes full account of newly arising need against the Decent Homes standard over the long term and the costs detailed in the Works Plan below. The costs increase significantly in the period 2014-2018 largely due to the age profile of the stock.
- (e) The housing works Plan and Investment Profile 2004-2033 is as follows:

Housing Works Plan and Investment Profile 2004-2033 (£000's)							
Works Element	Planning Period (years)						Total £000's
	2004-08	2009-13	2014-18	2019-23	2024-28	2029-33	
Catch up repairs	3.791	--	--	--	--	--	3.791

Future major repairs	9.716	16.361	21.675	15.629	14.693	18.787	96.861
Action to achieve decency	1,664	--	--	--	--	--	1.664
Non-residential Hsg Assets	2.247	1.719	1.601	1.601	2.703	2.368	12.239
Contingent Major Repairs	0.552	0.552	0.802	0.552	0.552	0.552	3.562
Recurrent Repairs Expenditure	14.775	14.775	14.775	14.775	14.775	14.775	88.650
Disabled Adaptation Works	2.000	2.000	2.000	2.000	2.000	2.000	12.000
<b>Total</b>	<b>34.745</b>	<b>35.407</b>	<b>40.853</b>	<b>34.557</b>	<b>34.723</b>	<b>38.482</b>	<b>218.767</b>

2.1.5 The above table excludes any elected member or tenant aspirations, general contingencies or inflation. The works investment profile will achieve Decent Housing by 2010, but does not achieve "full compliance" until 2033.

2.1.6 It can be seen that over the next 10 years expenditure to meet identified objectives totals £70.152M, an average spend of approximately £7M per annum.

2.1.7 Resources to finance expenditure in the 2005/06 budget levels are as follows:

£000's p.a.

Major Repairs Allowance	£3.200
Revenue funded repairs	£2.910
Revenue funded Disabled Adaptations	£0.300
Capital funded sewerage works	£0.200
<b>Total funding available</b>	<b>£6.600M p.a.</b>

2.1.8 A comprehensive Housing Options Appraisal was undertaken throughout 2004. The outcome of this review has concluded that, taking into account the Stock Condition Survey, financial appraisal and tenant consultation, the Council is in a position to meet the basic Decent Homes Standard by 2010. Further, the Council's stated objectives towards its Decent Homes Plus Standard is:

- To meet the basic Decent Homes Standard by 2010.
- Maintain current levels of service.
- Continue giving priority to providing showers and other aids and adaptations (subject to assessment).
- Work with other organisations to improve safety and parking on estates.

2.1.9 In the recent Test of Opinion survey, 65% of all tenants, leaseholders and licensees returned completed questionnaires, and of those, 95% supported "staying with the Council".

2.1.10 The aforementioned Options Appraisal for the Council to retain its stock was approved by Cabinet in April 2005, and was ratified by Council in June, prior to submission to G.O.S.E. for sign-off in July 2005. A further detailed review of Housing Options is proposed within three years.

2.1.11 In the longer term, within the Housing Works Investment Plan in years 2014-2023 and 2024-2033, expenditure is anticipated to rise to £75.57M and £73.21M respectively, averaging approximately £7.5M per annum.

## **2.2 The 2004/05 Housing Property and Enhancement Programme and Beyond**

2.2.1 The nature and extent of the programme to achieve Decent Homes Standard by 2010 commencing April 2005 has now been determined by the results of the 2003/04 stock condition survey, and the outcome of the 2004 Options Appraisal.

2.2.2 The 2005-06 works programme is proposed to follow a similar balanced approach to the current and previous year's programmes. Incrementally specific works to achieve decency will take place over the next five years: unfit properties in 2005-06 and those with amenity and energy defects in years 2006-2010 inclusive. Works to maintain decency will also be carried out concurrently over the period 2005-2010.

2.2.3 Financial resources currently identified and projected to fund the Housing Property Maintenance and Enhancement Programme 2005 - 2010:

Funding	2005/06 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/2010 £000's
Revenue (Repairs)	2,840	2,840	2,840	2,840	2,840
Revenue (Disabled Adaptations)	300	300	300	300	300
Major Repairs Allowance	3,246	3,246	3,246	3,246	3,246
Other Capital Contributions	200	200	200	200	200
Proposed Programme	6,586	6,586	6,586	6,586	6,586

## 2.3 Sewage Works Improvement

2.3.1 The Council has a long-term liability to maintain private (that is non-mains drainage connected) sewage treatment works held within the Housing Revenue Account. Priorities were comprehensively re-evaluated during 1992/93 and survey work undertaken at that time remains a reliable indicator of investment needs and priorities. Nevertheless, those priorities are re-evaluated at least annually as part of the Housing Investment Programme process.

2.3.2 The plan:

- Is realistic about the resources available;
- Is capable of being flexed to respond to new technical information becoming available;
- Is long-term with an end date dependent upon the extent to which resources can be identified;
- Is to seek the eventual adoption of as many as possible of the Council's STWs by Southern Water Services.

## 2.4 Private Sector Renewal and Renovation Grants

2.4.1 The Council's Private Sector and Renovation Grant strategy was subject to a comprehensive review by a Members/Officers Working Group and a revised Private Sector Housing Renewal Strategy was adopted in July 2003. Changes to the Grants Policy embraces the flexibility provided by the Regulatory Reform (Housing Assistance) Order 2002 and are devised to target assistance to those in greatest need, to the elderly, vulnerable and disabled occupants. The Renewal strategy is wholly integrated with the Council's overall comprehensive Housing Strategy and makes an important contribution to a strategic range of initiatives including Care in the Community, Home adaptations, Energy Conservation, Empty Property strategy and Anti Poverty/Fuel poverty initiatives. A Home Improvement Agency was established in January 2005.

2.4.2 The Strategy exercises the full range of discretion with the aim of meeting local identified needs and priorities. In fulfilling its objectives and delivering its services the Council proposes to meet fully the demand for mandatory Disabled Facilities Grants and where possible enhance the services it provides to disabled, elderly and vulnerable persons.

2.4.3 In the absence of a separate allocation for Private Sector Renewal the Council has allocated a total of £620,000 per annum for the next three years consisting of £450,000 and £170,000 for Disabled Facilities Grants and for discretionary Renovation Grants respectively.

2.4.4 The Council's revised private sector renewal strategy is based upon the data and recommendations reported in the Private Sector House Conditions and Energy Efficiency Survey 2001. The Survey results will be used to assist in better targeting of resources to contribute towards the Council's strategic objectives as well as its statutory duties.

## 2.5 LA Social Housing Grant

2.5.1 The Council's housing enablement policies are designed to maximise resources into the District and to optimise their use. The provision of all affordable tenures is

supported but the greatest demand in the area is for social rented accommodation. Enablement policies are comprehensive, catering for all client groups, for all tenures, for all parts of the District.

- 2.5.2 When combined with a continuing overall reduction in the social housing rented stock because of Right to Buy and a recognition that owner occupation cannot grow substantially beyond its current level, a large volume of affordable housing will be required to meet housing needs. Those needs cannot be met unless a substantial Social Housing Grant (SHG) programme can be funded and maintained.
- 2.5.3 The Council, in common with most Local Authorities, had been using Local Authority Social Housing Grant (LASHG) as the cornerstone of its programme for the delivery of new affordable housing for rent in an undisputed area of high demand. The former arrangements for LASHG made it possible for the Council to allocate resources to grant fund new build by Housing Associations and claim back the grant from the Housing Corporation.
- 2.5.4 Following attainment of debt free status, the Council's capacity to address the funding requirements of an adequate programme of new affordable homes was significantly improved in 2002/03. As a debt free authority the Council was not required to set aside capital receipts from Council house sales and so was able to spend the grant again (on other Corporate priorities) or simply set it aside.
- 2.5.5 With the abolition of LASHG with effect from 1 April 2003 and its replacement with a system of straight grant payments, either via the Local Authority or the Housing Corporation, coupled with the decisions to pool Right to Buy capital receipts nationally, the Council's previously agreed future new build programme has been severely curtailed.
- 2.5.6 Taken together, in Winchester's circumstances the reforms removed virtually all funding sources for new build at the local level after 2007 unless schemes are supportable from resources such as capital receipts but without the cushion of LASHG from the Housing Corporation.
- 2.5.7 Given the competing corporate priorities such new build schemes will only be very limited in the future unless substantial capital receipts can be realised that are not subject to the pooling requirement, for example stock transfer, or unless there is a return to borrowing under the new Prudential regime.
- 2.5.8 As a result of the changes, a revised enablement programme was compiled, taking into account the Office of the Deputy Prime Ministers transitional arrangements, as detailed in Annex 1 above.
- 2.5.9 In the meantime, a Member Officer Working Party has been considering imaginative ways in which new build affordable homes can be funded in the future to address the District's housing needs.
- 2.5.10 The Council welcomes the publication of the Housing Corporation's Guidance on ADP that proposed a move away from the formulaic allocation of resources down to local authority areas, proposing instead allocations to be based on strategic assessment of priorities informed by Regional Housing Statements worked up by Government Offices and Corporation Regional Offices.
- 2.5.11 In the meantime, the Council continues talking to social housing partners on how best to develop the Council's overall enablement policies to optimise the opportunity presented. It is probable that some form of constructive competition amongst potential social housing providers will take place. This will include an evaluation of different proposals which takes in the wider community, social and economic issues which have key strategic interlinkages to Social Housing.
- 2.5.12 Additionally, the proposed Major Development Area (MDA) West of Waterlooville, which was within the South East Priority Area for Economic Regeneration as designated in RPG9, in keeping with Government thinking (Sustainable communities - Building for the Future), has led to the creation of a partnership including Winchester and three of its neighbouring authorities, Havant, East Hampshire and Portsmouth.
- 2.5.13 The creation of this South East Regional Partnership places the four councils in a strong position to take forward a strategy that links housing with employment growth,

transport and service provision, thereby helping in the furtherance of the Government's sustainable communities agenda.

- 2.5.14 It is expected that the West of Waterlooville will provide some 2000 additional homes up to 2011 with a reserve of another 1000 new homes if required. More importantly, within this total evidence suggests 50% should be affordable housing with a significant proportion of this total being intermediate housing such as shared ownership and submarket rent and a further 20% intermediate market housing.
- 2.5.15 If these volumes are to be provided to meet the levels required in support of the Regional Housing Strategy it is vital that financial resources are in place to support this provision.
- 2.5.16 The Council, in conjunction with its partners, would expect a guarantee of financial support for what it considers authorities at the forefront of the Government's Sub Regional Agenda from the Single Regional Housing pot.

## **2.6 Land Purchase**

- 2.6.1 The land purchase policy is designed to work within the 'in and out' regulations. It was originally designed to assist in securing scarce and expensive developable land opportunities with the Council having the flexibility to purchase at open market prices outside of the Total Cost Indicator limitations for rapid onward transmission of the land, often at less than best consideration, to Social Housing Landlords. The policy may provide an option in terms of securing future opportunities to provide social housing, for example where Social Housing Grant is not immediately available, but where PPG3 applies and a developer is making progress towards a start on site.
- 2.6.2 The recent release of large scale sites within the District Local Plan, and the creation of future Major Development Areas as a result of the County Structure Plan means that PPG3 will apply to a majority of development sites within the District over the long term. No budgetary provision is shown within the capital programme as the Council's reserve of usable capital receipts is called upon to finance any land purchase. The net cost to the Council is the gap between purchase and sale price (along with any small loss of investment income).

## **B. SOCIAL & CULTURAL INVESTMENT STRATEGY 2004/2007**

### **1 INTRODUCTION**

- 1.1 The strategy is included in the Community Services Business Plan 2005/06. The strategy is realistic about the likely resources available and gives recognition to the fact that competing priorities have to be balanced.

### **2 ELEMENTS WITHIN THE STRATEGY**

#### **2.1 ARTS AND COMMUNITY**

- 2.1.1 As part of its scheme of grant aid to community organisations, the Community Directorate recommends to Cabinet on an annual basis financial support for local capital schemes that meet the Corporate Strategy criteria. Most schemes are for parish buildings with partnership funding coming from the Council. The types of work range from new facilities and extensions to disabled access modifications. A budget of £90,000 in 2005/06 exists in the programme with £100,000 per annum thereafter on an on-going basis with additional funds met from revenue as required. The Cabinet meeting is in the early part of the year to decide on grants for the forthcoming financial year.
- 2.1.2 Known as the 'Bapsy Bequest', the sum of £650,000 was bequeathed to the City Council by the Marchioness of Winchester to be used to build a new community hall next to the Guildhall. With accrued interest this amount is now calculated to be worth in excess of £1million. The Council's range of options is severely constrained by the terms of the bequest but, following public consultation and research by consultants, a proposed approach has been agreed. Further design work has recently been commissioned, but progress will depend on obtaining consent from the Charity Commission.

## 2 SPORT AND RECREATION

- 2.2.2 As part of an on-going programme, there is provision in each year for works to children's play areas, which will enable refurbishment and replacement of the existing equipment. Regular surveys of existing equipment are carried out to ensure that user safety is maintained. If equipment has become unserviceable or inappropriate it is either replaced or repaired. A budget of £50,000 exists in the programme and would normally facilitate work to two play areas in any one financial year. Close liaison is maintained with parish councils to advise and assist them in providing play and sport facilities on parish recreation grounds.
- 2.2.3 As part of the City Council's commitment to improve sport and recreation facilities in Winchester and the Southern Parishes, a total provision of £855,000 was included in the capital programme to assist with providing such facilities on the Swanmore School site. Following a recreation needs assessment proposals have been consulted on and joint provision of facilities with the school is currently under construction.
- 2.2.4 After the exceptional rainfall during the winter of 2001 it is necessary to make improvements to the waterways that run through the District to alleviate the potential threat in future years.
- 2.2.5 River Park Leisure Centre is a multi purpose leisure centre with swimming pool, which requires continual maintenance of the fabric of the building as well as its mechanical and electrical systems. Significant capital works are scheduled to take place in 2006/07 and this will be included in the review of operational properties mentioned in section D below.

## **C INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) INVESTMENT STRATEGY**

- 1 The ICT Strategy provides the Council with ICT policy and investment guidance in line with the Council's business objectives. In particular it provides a framework for the Council's response to the Government's modernising agenda, and will help the Council meet the Government's targets and priority outcomes for 2005 for electronic service delivery. A key document in support of the strategy is the IEG4 statement that sets out how the Council will achieve the 2005 target and the Council's answer to the ODPM's Key Priority Outcomes Status Report as at 31<sup>st</sup> March, 2005.
- 2 A fundamental issue for the Strategy is to ensure that any investment by services not only makes them more efficient and effective, but improves accessibility for those who use them. One of the main drivers within the strategy is balancing the use of interactive Internet facilities alongside mediated services to be provided within the Customer Service Centre. The Strategy is fundamental to, and underpins the cultural changes that the Council is adopting in order to achieve Electronic Service Delivery (ESD).
- 3 The Strategy supports joined up service provision by developing the information infrastructure and facilities for two-way communication with customers. Central to this aim is the adoption of a corporate Electronic Document and Records Management system (which will assist the Council to meet it's obligations with regard to the Freedom of Information Act and the Data Protection Act), the further development of the corporate Geographic Information system (GIS), the Land and Property Gazetteer (LLPG) and the implementation of a Customer Relationship Management system.
- 4 The modernisation agenda requires new ways of working and interaction with the public, and it is these requirements which act as the drivers for change and not the technology itself. The modernisation agenda is leading to a culture change within the authority through changes in business processes that embrace new technology in order to meet both the demands of the modernisation agenda and the changing requirements of customers.
- 5 The Council recognises that considerable investment is required to meet these changes and is providing these resources, supported by Government grants under



the IEG programme. Clear prioritisation of projects is being made to ensure that maximum benefit can be derived for as wide an audience as possible when changes are implemented.

## **D OPERATIONAL PROPERTIES INVESTMENT STRATEGY**

- 1 The Council owns a number of properties that are used to carry out the business of the authority. These operational properties carry an asset valuation of £29m and they need periodic capital maintenance and improvement to preserve their value.
- 2 Currently there is no long term forward maintenance plan to ensure they remain fit for purpose so CPAG is developing a medium to long term investment strategy. This will be informed by professional surveys/assessments of each of the properties with an estimate of cost. As and when the surveys have been completed they will be reported to Cabinet with a bid for capital funding to carry out the work.
- 3 In the next revenue budget programme a provisional sum of £25,000 per annum will be included for the cost of this survey/assessment work.