

CABINET

12 September 2012

THE OVERVIEW & SCRUTINY COMMITTEE

17 September 2012

CAPITAL STRATEGY AND PROGRAMME 2012/13 – 2015/16

REPORT OF HEAD OF FINANCE

Contact Officer: Alexis Garlick 01962 848224 email: agarlick@winchester.gov.uk

RECENT REFERENCES:

CAB2283: Capital Programme 2011/12 to 2014/15, 18 January 2012

CAB2297: Budget and Council Tax 2012/13, 8 February 2012

CAB2342: Capital Expenditure Outturn 2011/12, 13 June 2012

CAB2362: Financial Strategy 2013/14 to 2015/16, 4 July 2012

CAB2319: Development of a Shared and Consolidated IT Infrastructure with Test Valley Borough Council, 4 July 2012

EXECUTIVE SUMMARY:

The report presents the draft Capital Strategy for 2012 together with an updated General Fund Capital Programme for consideration and approval.

RECOMMENDATIONS:

That Cabinet:

1. Recommends to Council the approval of the draft Capital Strategy for 2012 (Appendix A),
2. In accordance with Financial Procedure Rule 7.2 and subject to the matter not being called in by The Overview and Scrutiny Committee, recommends to

Council, the approval of a supplementary capital estimate of £217,000 over 4 years for inclusion in the programme in respect of a shared IT infrastructure.

3. Approves the updated Capital Programme for 2012/13 to 2015/16 as provided at Appendix B (noting that individual schemes within the Capital Programme each require appropriate approval by Cabinet or Portfolio Holders in accordance with Financial Procedure Rules before any funds are committed),
4. Confirm that the Head of Finance should submit a return to enable access to the PWLB “certainty rate” for borrowing as explained in paragraph 6.
5. Note the changes in the rules with regard to Right to Buy (RTB) capital receipts, and confirm the proposed treatment of them as explained in paragraph 7.4.

That The Overview & Scrutiny Committee:

1. Considers any recommendations it wishes to make to the Council for its consideration of the Council’s draft Capital Strategy and updated Capital Programme.

CABINET

12 September 2012

THE OVERVIEW & SCRUTINY COMMITTEE

17 September 2012

CAPITAL STRATEGY AND PROGRAMME 2012/13 – 2015/16

REPORT OF HEAD OF FINANCE

1 Introduction

- 1.1 The Council's Capital Strategy is based on the Government's good practice guidelines and is reviewed and updated each year. It covers a medium term (3 year) planning horizon.
- 1.2 The Capital Programme has been updated to reflect approvals and changes to forecasts since the Programme was approved in February.
- 1.3 It should be remembered that individual schemes within the Capital Programme each require appropriate approval, by Cabinet or under the scheme of delegation involving Portfolio Holders, in accordance with Financial Procedure Rules before any funds are committed.

2 Prudential Code

- 2.1 The Council has adopted the CIPFA Prudential Code which is designed to ensure that capital investment plans of local authorities are affordable, prudent and sustainable, and due regard should be given to the Prudential Code in determining the Council's Capital Programme.
- 2.2 The adoption by the Council of an updated Capital Strategy is in accordance with the principles in the Prudential Code.

3 Capital Strategy

- 3.1 The Capital Strategy (Appendix A) sets out the context of the Capital Programme, and supports the corporate Change Plans and the District Sustainable Community Strategy.
- 3.2 The revenue implications of the Capital Programme are considered as part of Budget setting and also when each individual scheme is presented for approval. This includes the effect on interest income of the changes in balances. Where a Capital Financing Requirement (CFR) is assumed, the Revenue consequences include, as relevant; interest costs; repayment of principal; Minimum Revenue Provisions or Voluntary Revenue Contributions.

4 Capital Programme

- 4.1 The current Capital Programme was approved as part of the Budget in February 2012. This has been reviewed and updated to reflect; brought forward unspent budgets from 2011/12 approved by Council in July; all supplementary capital approvals since the budget was set, and revised

forecast timing of projects included in the programme. The updated Capital Programme is provided at Appendix B.

- 4.2 There remain some projects and forward programmes that are not included in the proposed capital programme because of funding constraints. These will be considered as part of the Budget process for 2013/14.

5 Financing the Capital Programme

- 5.1 Historically, much of the financing for the capital programme has come from capital receipts, the Major Investment Reserve, and specific earmarked reserves where balances were accumulated specifically to support major projects. The financing of the Capital Programme by capital receipts and the Council's reserves has been reducing and the Capital Financing Requirement has increased.
- 5.2 The Major Investment Reserve is the principal reserve used for supporting the Budget, both Revenue and Capital. Although any deficit in the Revenue budget would have the first call on these funds, the Financial Strategy supports the use of this Reserve to fund the Capital Programme.
- 5.3 The balance on the useable Capital Receipts Reserve at 31 March 2012 was £2,202k. In the current economic climate, forecast asset sales are low.
- 5.4 There are various reserves earmarked for specific purposes to fund the relevant elements of the capital programme e.g. the Car Park Property Reserve, the IT Reserve and the Property Fund, and the General Fund baseline budget includes a recurring revenue provision for these capital requirements.

6 Unfinanced Expenditure / Borrowing

- 6.1 Some of the Council's capital expenditure is not fully funded, resulting in a Capital Financing Requirement (CFR). The policy adopted (as per [CAB1963](#), February 2010) is that CFR will be matched against specific assets: being generally those for which the financial appraisal can demonstrate value for money in terms that the financial benefits outweigh the financing costs (including the Minimum Revenue Provision).
- 6.2 Unfinanced expenditure does not necessarily result in external borrowing as this requirement can be met from the Council's available cash. When external borrowing does become necessary this would usually be from the Public Works and Loans Board (PWLB).
- 6.3 The Government has recently announced a "certainty rate" of a 20 basis point discount on loans from the PWLB under the prudential borrowing regime for those local authorities providing additional information in relation to their locally determined long term borrowing and capital spending plans.
- 6.4 This rate will be available from 1 November 2012 to 31 October 2013 for eligible authorities who provide a return to DCLG by 17 September 2012. It is proposed that the Head of Finance submits this return in order that the Council is eligible for the lower rate should it need to borrow.

7 Housing Finance Reform

- 7.1 As a consequence of Housing Finance Reform the Council undertook borrowing of £156.722m in March 2012 and the HRA Capital Financing Requirement at 31 March 2012 was £166,853k.
- 7.2 A new Right to Buy scheme came into effect from 1 April 2012 under which the Council has opted to retain relevant capital receipts to support the provision of new rented social housing locally.
- 7.3 The rules determine the allocation of receipts into four categories; Admin costs; to fund capital expenditure by the Council, either GF or HRA; to cover HRA attributable debt; and to fund new rented social housing. The sums available within each category will depend on actual RTB sales.
- 7.4 It is recommended that:
- The capital receipts retained in the HRA to cover HRA attributable debt are used to fund the HRA capital expenditure;
 - The receipts available to fund new rented social housing are allocated in full to support the HRA new build programme; and
 - The receipts that are available to support either the GF or HRA capital expenditure are allocated in full to fund the GF capital programme (this is a change from the previous arrangement whereby such receipts were used to support the Sewage Treatment Works programme).
- 7.5 The capital expenditure forecasts for the HRA are under review and will be considered by the Cabinet (Housing) Committee in September. The capital programme will be updated following this consideration.
- 8 Development of a Shared and Consolidated IT Infrastructure with Test Valley Borough Council
- 8.1 Cabinet considered approved the principles for a shared infrastructure in July (CAB2319 refers). The forecast capital costs over the capital programme period have now been established and are included in Appendix A. These amount to £217,000 over the 4 years and will require a supplementary capital estimate to be approved by the Council in accordance with Financial Procedure Rule 7.2. This will provide for the Council with a relative share of the infrastructure assets employed by both Councils.

OTHER CONSIDERATIONS:

9 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO)

- 9.1 The investment of capital resources will contribute to the achievement of the Council's main objectives and priorities in the Sustainable Community Strategy and Change Plans. The Capital Strategy is an integral part of the overall Financial Strategy which was considered by Cabinet in July.

10 RESOURCE IMPLICATIONS

- 10.1 As detailed in the report and the appendices.
- 10.2 It will also need to be ensured that there are sufficient internal resources to deliver the Capital Programme. Where this is not the case, details will be included in specific reports on each project.

11 RISK MANAGEMENT ISSUES

- 11.1 There are various risks inherent in the delivery of the individual capital schemes, the most obvious being time and cost overruns. Project management of the individual schemes is designed to ensure that these are mitigated.
- 11.2 Changes to the timing of expenditure will affect cash flow and interest income and, more importantly, the delivery of the benefits to be achieved from the capital expenditure. There is monthly monitoring and reporting of the Capital Programme.

BACKGROUND DOCUMENTS:

Various documents held in Finance and other teams.

APPENDICES:

Appendix A: Draft Capital Strategy 2012

Appendix B: Updated capital programme for 2012/13 to 2015/16



Winchester
City Council

CAPITAL STRATEGY

2012

Winchester City Council

Capital Strategy 2012

Contents		Page
1.	Background	2
2.	Introduction	2
3.	Key Capital Spending Objectives	2
4.	Capital Programme 2012/13	3
5.	Drawing up the Capital Programme	3
6.	Housing Investment	4
7.	Asset Management Plan	5
8.	IMT Asset Management Plan	6
9.	Initiation and Approval of Capital Projects	7
10.	Performance Monitoring	8
11.	Resourcing the Capital Programme	8
12.	Partnership Working and Consultation	9
13.	Links with Other Strategies	10
14.	Summary	11
Annexes		
Annex 1	Partnerships and Community Planning	12

CAPITAL STRATEGY 2012

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 around 114,000 people. Of these about 32% live in the town itself and the remainder live in market towns and rural areas around the District. 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.
2. The District is within easy commuting distance of London and some of the major south coast conurbations and this gives rise to very low unemployment levels, currently at about 1.5%. There are over 48,000 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, the Military Police at Southwick Park and naval establishments to the south.

INTRODUCTION

3. 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), a Housing Strategy (which sets out the Housing Investment Programme (HIP)) and a Housing Revenue Account (HRA) Business Plan. The Government's good practice guidelines have been observed in producing the City Council's plans and strategies. The Strategy for 2012 is in similar format to that produced in 2011 but updated for new developments and any policy changes.
4. The City Council's capital programme incorporates both the General Fund and the Housing Revenue Account capital requirements to support service provision and links with the Council's Change Plans, Housing Business Plan, Asset Management Plan and ICT strategy.
5. 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

6. The Council's capital spending priorities are to invest in supporting the key outcomes and priorities of the Winchester District Sustainable Community Strategy and associated Change Plans, supporting the Housing Strategy, and ensuring the Council's assets are maintained and enhanced to an appropriate standard.

7. 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 either 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. Recent capital schemes involving partnerships include: Hockley Viaduct & NCN23 Cycle Path, Winnall Moors Project, and improvements to Winchester High Street.
8. In determining capital investment the Council is keen to use the best practices in relation to procurement and construction. Although major construction projects are scarce in the capital programme, where they are included then best practice is followed. Much of the housing maintenance work is procured through partnering and framework agreements and upgrading of the Council's sewage treatment works is carried out where appropriate to the standard where they can be adopted by the local water company. The project to refurbish the Guildhall was progressed using construction management techniques. Under this mechanism the Council lets individual work packages by tender following public advertisement. This basis of procurement ensures a competitive bidding process develops ensuring that the Council secures value for money, greater control of the cost of projects and a direct relationship with contractors. In all cases of procurement, the Council's objective is to obtain Best Value, which by definition evaluates both cost and quality. Therefore the Council's objective is not just lowest cost (although this does not imply any lack of cost consciousness).
9. 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.

CAPITAL PROGRAMME 2012/13

10. The Council's updated capital programme for the year 2012/13 is summarised at Appendix B.

DRAWING UP THE CAPITAL PROGRAMME

11. The Council considers the total capital programme as part of the budgetary process. Three-year capital projections are produced as part of the overall Financial Strategy.
12. The revenue implications of the capital programme are considered as part of Budget setting and also when each individual scheme is presented for approval. This includes the effect on interest income. Where a Capital Financing Requirement (CFR) is assumed the Revenue consequences include, as relevant; interest costs; repayment of principal; Minimum Revenue Provisions or Voluntary Revenue contributions required by the accounting regulations and the Council's Treasury Management Strategy.
13. There is emphasis on ensuring that the Council's housing stock is maintained to a high standard and encouraging the provision of affordable housing within the District to meet the shortages being experienced. In tandem with this is the recognition that other facilities are essential for a balanced community. Although

the capital programme cannot meet all of the community's aspirations, effective capital planning will ensure value for money in the use of the resources available.

14. The capital programme is updated annually by an officer "Capital Programme & Assets Group" (CPAG) on the basis of identified needs and priorities and is reviewed by the Corporate Management Team (CMT) before being submitted to the Cabinet each year as an integral part of the budget consultation process. It is also updated during the year, taking into account legislative changes, new schemes approved and any roll forward of budget from the previous year.
15. With regard to prioritisation, the Council has detailed forward plans for each major element of capital investment required. The Council aims to be realistic about the speed at which those plans can be delivered in line with available resources.

HOUSING INVESTMENT

16. The Council's Active Communities Change Plan takes full account of priorities detailed in the Council's Housing Strategy and HRA Business Plan. Clear plans addressed through these two key documents include:
 - make the most effective use of land and other assets to promote affordable housing,
 - improve standards of private sector dwellings,
 - provide disabled facilities grants aimed at helping residents manage their lives in their own home
 - to ensure that Council stock complies with the Decent Homes standard
 - to review and improve the provision of older persons housing and
 - that the Council takes full account of tenant aspirations are all addressed through these two key documents.
17. Whilst significant investment over the last 20 years has ensured that the Council's Housing stock complies with the Government's Decent Homes Standard, the previous subsidy system did not provide sufficient allowances to meet investment needs. As a result, over 800 properties have kitchens and bathrooms over 30 years old.
18. However, the abolition of the Housing Subsidy system and the implementation of Self Financing for Housing in April 2012 have resulted in major changes to the HRA Business Plan and capital investment programmes for the Council's Housing stock.
19. The City Council's "Self Financing Settlement" totalled £157 million and this was fully funded by borrowing through the Public Works Loans Board. This is financed directly from rental and other income of £27 million per annum.
20. The HRA Business Plan gives priority to the maintenance of existing homes but also provides for the development of new homes. It includes key programmes to

address the backlog of repairs, including kitchen and bathroom replacements, within 10 years. It also provides for:

- Investment in repairs and enhancements to existing stock totalling £11.2 million per annum
- A programme of new build Council homes totalling £42 million over the next 10 years, which should be sufficient to fund the building of 300 new homes on existing Council land.
- A programme of estate improvements amounting to £250,000 per annum, aimed at implementing a range of works to improve the overall quality of housing estates, including parking, landscaping, security and lighting.
- Investing £800,000 annually on disabled adaptations helping to allow residents to live independently in their own homes

21. Current investment plans are based on a stock condition survey completed in 2004. The survey covered 30% of properties and adopted a “beacon approach” to assess investment needs across all stock. Whilst this has been updated on a “desktop” basis, the information is not considered to be sufficient to inform long term planning. Therefore, a 100% survey of all properties will be completed later this year.

22. Recent changes to “Right to Buy rules have increased potential discounts to tenants buying their home and also provide additional flexibility for the Council in how it uses receipts. The City Council has opted to retain relevant capital receipts to support the provision of new rented social housing locally.

23. In the last four years, the Council has disposed of 15 properties that required major repairs and improvement or which were considered to be unsuitable for continued use as social housing. Approvals have also been given for the disposal of two large properties currently used as temporary accommodation. Whilst the Council has no specific plans for additional disposals, it will consider disposals of high value properties as a means of generating additional funding to build more new homes should opportunities arise.

24. There is also an ongoing requirement to maintain and improve sewage treatment works which serve the Council’s housing stock. There are around 40 such plants requiring differing levels of investment. It is estimated that £200,000 per annum. is required for these purposes.

ASSET MANAGEMENT PLAN

25. The Asset Management Plan seeks to address both the spending priorities for the maintenance of operational property and the development of the non operational estate to provide both capital and revenue income streams. Considerable investment is required in the operational estate and this is addressed in detail within the plan. The development of a replacement depot is planned during 2012/13 and the completion of this will enable the existing Bar End Depot to be released for redevelopment. Consideration will be given to the

future of River Park Leisure Centre and this will focus on future need and whether this can be met by either the refurbishment of the existing premises, or the development of new ones. The plan envisages the development of a planned maintenance regime for the operational estate which is designed to improve the condition of the premises and to gradually reduce energy costs and carbon emissions.

26. With regard to the non operational portfolio, work on the refurbishment and extension of Hyde House was completed in March 2012 and this has been let at a substantially enhanced rent to Adam Architecture as their Head Office. A refurbishment scheme is being developed for Abbey Mill to enable the property to be let to a commercial tenant. A scheme to develop a Doctors Surgery on the Upper Brook St car park is being progressed to enable the existing surgery to be relocated as part of the Silver Hill redevelopment, which is now awaiting the outcome of the recent public inquiry. It is hoped that it will finally be possible to conclude terms for the refurbishment and letting of Avalon House during 2013. The works envisaged in these projects will be financed using prudential borrowing.
27. The Council owns a well located portfolio of property which can provide an increasing level of income for the Council, while other sources of income are restricted in growth. The value of the Council's portfolio can be unlocked by undertaking prudent development or refurbishment schemes on existing property, which can then be let to well secured tenants and it is proposed to further extend the prudential borrowing limits to facilitate this.

IMT ASSET MANAGEMENT PLAN

28. The purpose of the IMT Service is to deliver cost effective robust ICT data processing and voice services to support the productivity and ambitions of the business. The IMT Service uses good practice methodologies (ITIL2) to ensure the quality control of supportable, sustainable and secure services.
29. The Council is reviewing plans aligned to the IM (Information Management) Strategy and IT Technical Strategy with regards a shared IT service with Test Valley Borough Council (TVBC), to create a shared IT infrastructure platform which that will enable substantial capital and revenue savings. Those assets which constitute the shared platform will be jointly procured and owned. Other capital assets which are required solely for the use of WCC will continue to be fully funded independently. Any capital requirement therefore reflects both types of asset.
30. The changing business environment whereby council services develop efficiencies through the adoption of new or improved IT-delivered information sources requires a future funding provision to ensure that the infrastructure is capable of delivering sustainable and supportable services when they are required. Also, equipment must be maintained in a condition which will not be detrimental to the services being provided, for example delivery of front-line information to Customer Services, or back-office mapping services which are made available to the public.

31. The Capital Asset Management Plan (AMP) for ICT infrastructure recognises this requirement for fit-for-purpose equipment through a programme of continuous investment. Generally, assets will require refreshment after 4-5 years, at intermittent intervals due to the practical constraint of delivery and implementation.
32. The item groups which the AMP covers are:
- Network elements such as switches and routers, which are the conduit for data within the infrastructure. This is specific and local to each council;
 - Server hardware, which runs the various business applications, and delivers their information over the network to user desktops. This can be shared to a large extent within the shared service;
 - Data storage (SAN), which securely and sustainably holds the Council's data. This major component to the IT infrastructure and will be shared and mirrored (replicated) across two sites for resilience;
 - Desktop devices whose role is to deliver appropriate information to users and provide line of business applications. These are specific and local to each council.
33. The AMP assumes the need to refresh infrastructure items on a like-for-like basis, and proposed costs reflect this. In reality, after five years the technology will have "moved on" and new developments which offer further advances will be considered which may give greater benefits for the same investment.

INITIATION AND APPROVAL OF CAPITAL PROJECTS

34. All capital projects must be initiated by a sponsoring client officer (normally the relevant Corporate Director or Assistant Director) and have a named project manager who has overall responsibility for delivering the project on time and within budget.
35. 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 procedures.
36. 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 Head of Team in consultation with the Head of Finance, and the scheme then approved by either Cabinet or under the portfolio holder decision-making scheme, and/or the appropriate committee.
37. All projects estimated to cost in excess of the limit set out in the Financial Procedure Rules (£100,000) must have a feasibility report approved either by Cabinet or under the portfolio holder decision-making scheme
38. Winchester Town Forum may authorise incurring expenditure up to a limit of £50,000 on Town Account capital schemes within the approved capital programme without a separate report to Cabinet.

PERFORMANCE MONITORING

39. The Council's Performance Management Team monitors financial performance against the agreed capital programme and also receives a project monitoring report on the progress of all of the Council's main projects.
40. Cabinet also receives an annual capital outturn report providing explanations for any significant variations to budget. This constitutes an element of the performance management framework. Monthly updates on programme spend and implications are provided to the Leader's Board in the Monthly Finance Report.
41. The Overview and Scrutiny Committee can review any major capital project or programme at any time and in the past year reviews have included; Guildhall "Secret Rooms", Urgent repairs to Jewry Street Car Park flint wall, and an increase to the Housing Estate Works Budget (See OS03 – Annual Scrutiny Report – 20 June 2011).
42. A post implementation review must be carried out six months after implementation for each major scheme approved with findings reported to The Overview and Scrutiny Committee. 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

43. The major sources of finance available for capital projects are; Capital Finance Requirement /borrowing; capital receipts; grants; revenue contributions, and reserves. Ability to spend on capital projects was historically constrained by the availability of capital approvals from Government, useable capital receipts, grants (Government, lottery, etc) and contributions from revenue or reserves. Under the provisions of the Prudential Code, which came into effect in 2004, the Council can invest in a capital programme so long as its capital spending plans are "*affordable, prudent and sustainable*".
44. The Council undertakes capital expenditure on long term assets. These activities may either be:
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.); or
 - If insufficient financing is available, or a decision is taken not to apply resources, the expenditure will give rise to a borrowing need.
45. In 2011/12 the Council's capital programme expenditure was not fully funded, resulting in a Capital Financing Requirement (CFR) of £1.319m for the year (£1.591m for 2010/11). This was lower than the capital budget for 2011/12 because of the slippage of some projects. The policy adopted (as per [CAB1963](#), February 2010) is that CFR will be matched against specific assets; being generally those for which the financial appraisal can demonstrate value for money in terms that the financial benefits outweigh the financing costs (including the Minimum Revenue Provision).
46. 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), and revenue. With the emerging pressures in this area highlighted above, a policy of asset sales to generate additional receipts has been implemented in the last three years.

47. Emphasis has been on funding from capital receipts (arising from both the sale of council houses and also 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. There are also a number of earmarked reserves established for specific capital expenditure purposes.
48. The Council's earmarked reserves will be substantially depleted over the medium term financial strategy period and it will be necessary for the Council to consider a strategy for earmarked reserves to ensure that there are adequate balances in the future to support essential expenditure.
49. The Asset Management Plan recognises the need to keep non-operational assets under review and to identify any that could be considered for disposal whilst taking into account the market conditions and the potential effect on income. The merit of continuing to hold non-operational properties in the Housing Revenue Account (HRA) was considered by Cabinet in 2004 with some properties having been moved to the General Fund.
50. Funding from other potential sources such as European funds, lottery funds and new Government initiatives are explored and applications for funding made, with some limited success. Some funding has previously been received from the Government's Implementing Electronic Government (IEG) programme, and funding was received in 2008/09 as part of the national free swimming scheme which Winchester signed up to.

PARTNERSHIP WORKING AND CONSULTATION

51. Partnership working underpins the Sustainable Community Strategy. The Winchester District Strategic Partnership comprising local authorities, the local business community, voluntary bodies, NHS, Police and other public sector agencies has worked alongside the City Council to develop its Sustainable 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. The use of capital funding as pump priming of projects or to draw out larger contributions from partner organisations is important to achieving our corporate objectives. Recent examples include Winchester High Street Refurbishment and Hockley Viaduct & NCN23 Cycle Path where significant external funding was secured as a result of the City Council being able to demonstrate commitment by proving a financial contribution.
52. 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 forums (e.g. Chamber of Commerce and Town Centre Manager) and with other public bodies (Hampshire County Council, NHS Hampshire, Parish Councils). The Council supports local communities in preparing their own parish/neighbourhood plans. Feedback from these various sources informs the strategies and business plans produced by and for Members.

53. 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.
54. 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.
55. Joint working with social housing providers is inherent in the strategy, both the provision of social housing grant and land at less than market value to housing associations and the direct commissioning of joint projects aimed at meeting housing need and improving housing conditions.
56. The Council is working closely with the NHS Hampshire to produce improved accommodation for a town centre GP practice to meet local healthcare needs.
57. The Silver Hill scheme provides for the regeneration of an area of Winchester involving private property and a number of properties owned by the Council, these being Coitbury House; Friarsgate multi storey car park; 6, 8 and 10 Middle Brook Street; Kings Walk; and land at Eastgate Street. The scheme requires the compulsory purchase of land in various ownerships to create a comprehensive development site. This would be leased to the developer on a geared rent. Following the acquisition of the share capital of the counter party to the Development Agreement by the Henderson UK Property Fund at the end of 2010, the scheme is now active again. The Council has resolved to use compulsory purchase powers and will continue to work with Henderson in accordance with the process set out in the Development Agreement.
58. 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.
59. Capital infrastructure in the Major Development Area (MDA) at West of Waterlooville is ongoing in conjunction with three other local authorities, the NHS, Developers and Social Housing Providers.

LINKS WITH OTHER STRATEGIES

60. This Capital Strategy supports the delivery of the Council's Change Plans, Housing Business Plan, Asset Management Plan and ICT Strategy. It is also aligned with the Financial Strategy and the Treasury Management Strategy.

SUMMARY

61. 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.

Partnerships and Community Planning

The Council actively encourages input from the community and the following from the Executive Group of Winchester District Strategic Partnership:

- Leader of Winchester City Council;
- Hampshire Constabulary (representing Community Safety Partnership);
- Winchester Area Community Action (representing the Voluntary Sector and the Housing Board);
- Hampshire County Council (representing HCC & the local community);
- University of Winchester (representing the learning sector);
- NHS Hampshire (representing the health sector, and the Health and Wellbeing Group);
- Winchester Churches Together (representing the Faith Sector, and the Inclusive Society Group).
- Winchester Action on Climate Change (representing the High Quality Environment Group)

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 Forums

Feedback is considered by:

- Cabinet
- The Overview and Scrutiny Committee
- Corporate Management Team
- Departmental Teams
- Working Groups

CAPITAL PROGRAMME 2012/13 TO 2015/16										
	Funding *	2012/13					2013/14	2014/15	2015/16	TOTAL
		Original Estimate CAB2297	Brought Forward CAB2342	Supplementary approvals / Virements	Growth / (Savings)	TOTAL				
		£000					£000	£000	£000	£000
GENERAL FUND										
ACTIVE COMMUNITIES										
Affordable Housing / Regeneration	CR - H	-	211			211	350	1,000		1,561
Affordable Hsg funded by Developers' contributions	EF	200	791			991	400	-		1,391
Capital Grants	MIR	-	75			75	-	-		75
Changing Pavilions (Town A/C)	EF / ER	57				57	51	54		162
Disabled Facility Grants (Mandatory)	EF	500	147			647	500	500	500	2,147
North Winchester Youth & Community Action	MIR	-	300			300	-	-		300
River Park Leisure Centre - Essential Repairs	CR	-	20			20	-	-		20
		757	1,544	-	-	2,301	1,301	1,554	500	5,656
HIGH QUALITY ENVIRONMENT										
Car Parks	ER	219	48			267	80	180	180	707
Footway Lighting at North Walls (Town A/C)	ER (Town)	45				45	-	-		45
Great Minster Street	MIR			60		60	-	-		60
High Speed Broadband for Hampshire	MIR	46				46	46	46		139
Hockley Viaduct & NCN23 Cycle Path	CR/MIR/EF	1,024	25	(92)		957	-	-		957
Magdalen Hill Cemetery - Extension	MIR (Town)	170	30		(65)	135	-	-		135
Market Lane Toilet Works	CR	45				45	-	-		45
Wickham Toilet Works	ER	-	50			50	-	-		50
Open Space & Recreation Facilities	EF	40		20		60	35	25	40	160
River Itchen Maintenance	CR / CR - H	60				60	40	75		175
Wet Shelter	ER	-				-	50	-		50
Winchester High Street / Square	MIR	-	18			18	-	-		18
Winnall Moors Project	MIR	10				10	-	-		10
		1,659	171	(12)	(65)	1,753	251	326	220	2,551
EFFICIENT & EFFECTIVE										
Abbey House	ER	-	66			66	-	-		66
Abbey House - Thermal Upgrading	RCC	21				21	-	-		21
Abbey Mill	ER / CFR	725	12	93		830	-	-		830
Asset Management Plans	RCC	-	111	48		159	148	30	200	537
Avalon House	CFR	-	696			696	-	-		696
Car Parking Server / Pay on Foot	MIR	139				139	-	-		139
City Offices & Annexe Works	ER / CR	232	100			332	70	170		572
Depot	CFR	500	1,317	99		1,916	-	-		1,916
Guildhall staff office to changing rooms	CR	50				50	-	-		50
Guildhall Toilets	CR	-	50			50	-	-		50

CAPITAL PROGRAMME 2012/13 TO 2015/16										
	Funding *	2012/13					2013/14	2014/15	2015/16	TOTAL
		Original Estimate CAB2297	Brought Forward CAB2342	Supplementary approvals / Virements	Growth / (Savings)	TOTAL				
		£000					£000	£000	£000	£000
Hyde	CFR	350	294			644	-	-		644
Old Chesil Rectory	CR	-	38			38	-	-		38
Property Acquisition & Development	CFR	3,895	1,000	(192)		4,703	-	-		4,703
Storage Facility	CFR	600				600	-	-		600
Urgent Property Works	ER	-	48	(48)		-	-	-		0
West Wing Lift	RCC	-				-	20	-		20
West Wing / City Offices Heating Works	ER	-	50			50	-	-		50
ICT E-govt	CR	-	15			15	-	-		15
ICT Equipment	CR / ER	60	62	(17)		105	60	60	60	285
ICT EDRMS	MIR	100		(2)		98	-	-		98
ICT Hardware	MIR	130		20	9	159	55	5		219
ICT Shared Infrastructure	MIR				100	100	109	-	7	217
ICT Software	MIR	30		17		47	153	16		216
ICT Telephony	MIR	115				115	-	-		115
		6,947	3,859	18	109	10,933	615	281	267	12,097
Total General Fund		9,363	5,574	6	44	14,988	2,167	2,161	987	20,304
HOUSING REVENUE ACCOUNT										
ACTIVE COMMUNITIES										
Major repairs		6,050		(300)		5,750	6,050	5,050		22,600
Re-investment in stock condition		-				-	350	1,000		1,350
New Build / Stock Adaptation		3,200				3,200	3,200	3,200		12,800
Sheltered Housing Improvements		200				200	200	200		800
Estate Improvements		250		300		550	250	250		1,600
Disabled Adaptations		800				800	800	800		3,200
Orchard Upgrade	ER	20	20			40	-	-		80
Asset Management Solution	ER	-	51			51	-	-		102
Sewage Treatment Works	ER	100				100	100	100	100	400
Harris Bequest *	EF									
Total Housing Revenue Account		10,620	71	-	-	10,691	10,950	10,600	100	32,341
Grand Total		19,983	5,645	6	44	25,679	13,117	12,761	1,087	52,645

* Key - Funding

Capital Financing Requirement	CFR
Capital Receipts	CR
Capital Receipts - Housing	CR - H
Earmarked Reserves	ER
External Funding	EF
Major Investment Reserve	MIR
Revenue Contribution to Capital	RCC
Rechargeable to the Town A/C	MIR (Town)