

Capital Strategy

1. Introduction

- 1.1 The Borough of Great Yarmouth is situated on the coast of Norfolk. It includes 15 miles of coastline and is on the border of the Broads National Park. The area served by the Council covers 67 square miles and includes the towns of Great Yarmouth and Gorleston-on-Sea surrounded by 21 parishes. The population of the Borough is 93,400 living in 45,450 dwellings.
- 1.2 Great Yarmouth is one of the top seaside resorts in Britain, with about 75,000 available bed spaces, catering for over 5.7m visitor nights each year. In the summer months the population effectively doubles, and the tourist industry is collectively worth about £450m a year.
- 1.3 85% of the jobs in the Borough are service based. Unemployment is higher than the national and regional average. It stood at 4.8% compared to a national average of 2.3% (in February 2008). Average earnings are 21% lower than the national average.
- 1.4 The Department for Communities and Local Government indices of multiple deprivation for 2007 shows Great Yarmouth as the 58th most deprived area out of 354 council areas. There are pockets of severe deprivation, especially in the centre of Great Yarmouth. The Borough has received Single Regeneration Budget, Neighbourhood Renewal Funding, Community Cohesion Funding, Working Neighbourhoods Fund and Local Enterprise Growth Initiative funding to address the problems of deprivation, worklessness, skills and enterprise.

2. The Council's Corporate Plan

- 2.1 The Corporate Plan sets out the broad strategic direction, priorities and targets for the Council, describes progress achieved to date, and charts the way ahead for the next 18 months. The plan serves several key purposes in ensuring the effective management and accountability of the authority.
- 2.2 The Corporate Plan sits between and links the Great Yarmouth Sustainable Community Strategy and the Council's Service Plans. This ensures that the work of the Council makes a key contribution to meeting the needs of the area identified in the Sustainable Community Strategy and other thematic strategies, and that the Council supports and participates in key partnership initiatives, to deliver the long-term vision of the Great Yarmouth community.
- 2.3 Our vision for the Borough is a shared vision developed in partnership with the community and the voluntary, public and business sectors.

"We want our community to offer a high quality of life and a secure future for all our residents."

- 2.4 The Council's mission is to

"Provide excellent services that are accessible, responsive and sustainable to ensure Great Yarmouth is a healthy and vibrant place to live, work and visit."

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2.5 The Council has six Corporate Priorities:

<p>Economic Delivering regeneration projects and providing employment and learning opportunities</p> <ol style="list-style-type: none">Promote the sustainable physical regeneration of the BoroughPromote employment growth, training, education and citizen developmentPromote increased wealth within the BoroughEncourage learning and personal development
<p>Environment Helping to provide a safe, cleaner and more sustainable environment for everyone.</p> <ol style="list-style-type: none">Make the Borough cleaner by reducing flytipping and graffitiMake the Borough safer by reducing crime and the fear of crimePromote sustainability across the Borough by encouraging recycling and sustainable energy use
<p>Social Reducing inequalities, increasing prosperity and improving housing conditions for all</p> <ol style="list-style-type: none">Promote the availability of a range of good quality housing (at all levels and across all tenures) that meets the needs of residentsPromote and foster strong and cohesive communities where diversity is valuedSupport individuals (particularly those who are vulnerable or disadvantaged) in becoming more independent and increasing their life opportunitiesPromote improvements in health for our population and tackle health inequalitiesSafeguard and promote the welfare of children including through the promotion of positive activities and increasing life opportunities
<p>Customer Ensuring that customers are at the heart of everything we do</p> <ol style="list-style-type: none">Deal with our customers in a consistent way resulting in them feeling positive about the Council and its services;Communicate with our customers (and encourage them to communicate with us) in ways that are appropriateConsult and engage with our customers (individually and as a community), taking notice of what they say
<p>Resources Managing resources for the whole Council efficiently and effectively</p> <ol style="list-style-type: none">Make significant investments in the development, welfare and wellbeing of the Council's employees, improve their working environments and seek to become an 'employer of choice' in the local and regional labour marketsImprove and maintain our financial management, delivering good Value for Money (VFM),Use and manage our land and assets to generate capital and income and to promote the economic and social wellbeing of the Borough.
<p>Performance</p>

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Delivering of active, continuous and effective performance management across every part of the Council

- a. Continue our own development (begun in April 2007) to produce an organisation whose structure, processes, and culture encourage customer focused and performance driven services;
- b. Develop a systematic approach to 'risk management' around the projects and partnerships we engage in
- c. Develop our systems of performance management to provide a relevant and meaningful framework for the improvement of our services

3. Medium Term Financial Strategy

- 3.1 The Medium Term Financial Strategy supports the Council's corporate planning processes and identifies the resource issues and principles that are used to shape the annual budget development and medium term financial plans.
- 3.2 It identifies the resources available to deliver the Council's proposed capital programme.

4. Capital Priorities

Priority	Projects Delivered	Projects within the Capital Programme
Economic – The Council will continue to deploy its capital resources to assist with the physical and economic regeneration of the Borough	<p>InteGreat seafront redevelopment</p> <p>Local Enterprise Growth Initiative Business Hub</p> <p>Contribution to the Outer Harbour project</p>	<p>St Georges and King Street Regeneration</p> <p>Local Enterprise Incubator units</p> <p>Wellington Gardens</p>
Environment – The Council will work to enhance the built environment and increase the sustainability of our assets	<p>St Georges Parkway Project</p>	<p>Crematorium mercury emissions abatement</p> <p>Footway lighting enhancement</p>
Social – The Council will seek to improve the quality of the Housing Stock (both Council owned and private) through capital works and capital loans and grants	<p>Housing Capital programme</p> <p>SHARP Project</p> <p>Bretts, Courts and Boultons</p> <p>Disabled facility grants and Home Improvement Loans scheme</p>	<p>SHARP 2 project</p> <p>SHIP project</p> <p>Disabled facility grant and Home Improvement Loans scheme</p> <p>Investment in CCTV</p>

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Customer – The Council will continue to improve the customer experience through improved access	Works undertaken to meet the Disability Discrimination Act requirements Improvements to Customer Contact Centre	
Resources – The council will ensure that Council offices are fit for purpose	Improvements to Town Hall	Investment in IT systems
Performance – Capital resources will be used to improve performance	New Financial IT system New Benefits IT system	

5. Capital Programme

5.1 The Council's capital programme for the years 2009/10 to 2011/12 is attached as Appendix A. A summary of the proposed capital programme is set out below.

	2008/09 Original £000s	2008/09 Revised £000s	2009/10 Forward £000s	2010/11 Forward £000s	2011/12 Forward £000s
Housing	5,892	5,592	4,950	4,475	3,900
Central Services	-	-	-	-	-
Financial Services	113	114	-	-	-
Customer Services	897	2,035	203	-	-
Community Services	3,287	3,741	3,830	5,700	1,600
Planning	87	-	-	-	-
Regeneration and Environment	5,903	6,365	9,424	7,340	1,213
Total Capital Programme	16,179	17,847	18,407	17,515	6,713

6. Planning, Prioritising and Monitoring Capital Investment

- 6.1 Individual projects within the Capital programme compete for capital resources. The Council has set up an Asset Management Group consisting of officers and Members in order to plan, prioritise and monitor capital investment.
- 6.2 For each capital project, a capital project appraisal form is complete (Appendix B), which gives details of the project and its links to the Council's Corporate Plan. Consultation on individual projects is carried out where necessary by the project manager. Consultation on the Council's Corporate Plan has been carried out as part of the process used to determine the Council's priorities.
- 6.3 Projects are scored by the Asset Management using a scoring matrix (Appendix C) in order to rank projects. The ranking are used to determine which projects are able to be delivered within the resources available for each year, and from this the Capital Programme can be established.

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- 6.4 Monitoring of the capital programme is undertaken quarterly, with a report on the current position being taken to the Asset Management Group and to the Council's Cabinet as part of the normal financial monitoring process.

7. Capital Resources

- 7.1 Great Yarmouth Borough Council has a variety of means by which it is able to finance capital investment.
- 7.2 Grant funding (including Major Repairs Allowance and third party contributions): This is the most significant element of the Council's capital investment, and is likely to remain such for the medium term. Capital projects receive higher rankings on the basis of the externally generated funding available to deliver the project. As part of this strategy, the Council will continue to seek external funding in order to deliver projects which contribute to the achievement of the objectives within the Corporate plan. However, it must be recognised that much external funding is only delivered as part of a package which will include internally generated funding, and as such, the existence of external funding is not sufficient in itself to ensure the go ahead of individual projects.
- 7.3 Capital Receipts: To fund the Council's Capital aspirations, capital receipts from the sale of surplus assets (see below) will be used to deliver capital investment. This strategy proposes a move away from a reliance on borrowing towards the generation of a "pot" of capital receipts which will enable future capital investment.
- 7.4 Borrowing: The Prudential Framework allows the Council to undertake borrowing where it is prudent so to do. Great Yarmouth Borough Council has taken advantage of this facility over the past few years. With the Medium Term Financial Strategy indicating an increasing pressure on Revenue budgets, it is not considered that further borrowing is advisable, except in exceptional circumstances:
- There is a urgent Health and Safety or other legislative need for the works to be done, and there are no available capital receipts
 - The capital investment will generate income which will offset the cost of borrowing, repayment of capital and any net running costs. The income generated should ideally exceed the costs by at least a factor of 1.5 times.
 - Capital investment is being undertaken with a view to disposal of an asset, where there is evidence that either the asset is not able to be disposed of in its current state, or where the investment will lead to a significant increase in the overall capital receipt being generated as a result.
- 7.5 These proposals for the application of capital resources represent a significantly more defined approach to capital investment than that which has been predominant in the recent past. It is envisaged that as a result the capital programme will become more focussed on delivering the Council's strategic objectives and at the same time reduce in size and complexity.

8. Purchase of Assets

- 8.1 The Council will not normally engage in the purchase of new assets. There will be circumstances where acquisition of new assets will be required. These will normally be limited to the circumstances below.

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- 8.2 **Operational Assets:** Assets may be purchased where the acquisition will enable the Council to deliver its operational activities. These would include the purchase of new office accommodation or for the delivery of a specific project (e.g. the purchase and renovation of the Novus Centre)
- 8.3 **Purchase for resale:** This will normally be as a result of a Compulsory Purchase Order (CPO) (or other) with a view to enable the asset to be resold.
- 8.4 **Site assembly:** Assets may be purchased where to do so would enable a larger project to be realised. Again, these would be purchase with a view to resale.
- 8.5 In all circumstances, an assessment will need to be made of the lease cost (where applicable) against the purchase cost, in order to ensure best value for money is obtained.

9. Surplus Assets

- 9.1 The guiding principle for disposal of surplus assets will be that all assets are considered surplus, unless they meet one of the criteria set out below. Each asset owned by the Council should be evaluated against the criteria with a view to disposal if none of the criteria are met.
- 9.2 **Criteria 1:** The asset is operational and is delivering part of the operational business of the Council. Alternatives should be considered before determining that any asset satisfies this criteria. The Town Hall would fall into this category.
- 9.3 **Criteria 2:** The asset is of strategic importance to the Council and is being retained in order to satisfy the objectives set out in the Corporate plan. Within this category would fall any infrastructure assets.
- 9.4 **Criteria 3:** The asset is retained due to a legislative requirement. The Council's Housing stock would fall into this category.
- 9.5 **Criteria 4:** The asset generates significantly more income than would be the case if it were to be disposed of. Regular review of assets within this category will need to undertaken as market forces will have a significant impact on whether the conditions for retention are still relevant.
- 9.6 Disposals of assets will generate capital receipts, which the Council will use in order to be able to deliver capital investment, or reduce the overall level of borrowing, depending on the current level of Capital Receipts in hand, and the proposed use of those receipts in the future capital programme.

10. Value for Money

- 10.1 The Capital Programme has been targeted with delivering significant cashable savings in relation to Value for Money, as part of the New National Indicator 179.

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10.2 The target for Capital purposes is based on the net capital expenditure being financed internally. This is likely to represent a more stable level of expenditure, and therefore an achievable VfM target.

Total Capital Expenditure	RS Line 699, column 1	17,722
Less: Externally funded expenditure		<u>10,371</u>
Internally funded expenditure		<u>7,351</u>
2008/09 TARGET	3.0%	221
2009/10 TARGET	6.1%	448
2010/11 TARGET	9.3%	684

10.3 Value for Money for capital purposes is determined through the comparison of the tenders received for the works, and the savings that are able to be negotiated through the project initiation process.

10.4 As part of the regular cycle of reporting performance on capital projects, progress on achieving the Value for Money indicator will be reviewed.