



# Capital Strategy

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# **Capital Strategy**

## **A. Introduction**

The purpose of this document is to show how the Capital Strategy determines the process for retaining and maintaining properties in the asset base and how capital projects are included in the Capital Programme in a rational and objective manner which maximises the contribution of the Capital Programme towards the achievement of the Council's Priorities by investing in services such as regeneration and housing.

In terms of volume, the majority of the Council's assets are the Housing Revenue Account dwellings. Day to day maintenance and any plans for improvements are incorporated into the Housing Revenue Account Business Plan. This covers a 30-year period and is updated annually.

## **B. Council Vision and Priorities**

**Our vision is for our Borough to be a great place to live, work and visit.**

The thematic key priorities for the Council are:

### **1. Enabling our residents to live happy, healthy, productive lives.**

Putting people at the centre of all that we do is a key priority for the Council. We will do this by helping them to have the best start in life, enjoy healthy and active lifestyles, and have opportunities to improve their well-being by building strong communities. We will actively encourage people to work with us to design activities that meet their needs. We will work with our communities so that people can enjoy good health and live in a safe environment where they can be happy and reach their full potential.

### **2. Creating vibrant, safe and welcoming places where people want to live.**

Our Borough is a great place to live, work and have fun. There is an abundance of natural beauty and heritage but there is also an opportunity to offer people more. We want a varied housing offer to retain our residents and attract new people to settle here. We want to build on existing strengths and encourage more people to visit the town centres in Barrow and Dalton by making them more vibrant so that residents and visitors enjoy a positive and memorable experience. We want to protect our natural environment.

### **3. Supporting our economy to thrive and benefit all our residents.**

Barrow's manufacturing heritage and its pivotal role in the defence industry is a source of local pride and tradition. Our world-class manufacturing expertise is recognised worldwide, however to enable inclusive growth we will seek to diversify our economy to secure opportunities for our residents by supporting other key industries including the growing renewable energy sector. In particular, we have the opportunity to secure continued investment in the Borough and ensure our residents have the skills and services to allow them to benefit from the growing economy. We will deliver our ambitions through effective joint working with public and private sector partners, by offering a clear policy framework,

proactive steps to promote the role and opportunities within the Borough and by securing additional public and private investment.

These priorities will be used as the basis for all future business planning and to direct the activity of any spare capacity and resources. Given the constraints on Council income it is necessary to think and act more like a business, drive efficiencies from services, generate more income and support innovation and best practice within services.

The priorities do not feature equally in the Capital Strategy because some objectives incur predominately ongoing revenue costs.

The Capital Programme is related to the Council's priorities as follows:

<b>Council Priority</b>	<b>Capital Programme elements</b>
People	Public Housing Private Housing Housing Market Renewal
Place	Public Buildings Industrial & Commercial Property Regeneration & Public Realm
Prosperity	Private Housing Housing Market Renewal Industrial & Commercial Properties

### **C. Resource Allocation**

The Government introduced a new system for the management of capital finance in 2004-2005 contained in The Local Authorities (Capital Finance and Accounting) Regulations (2003), which became operative from 1 April 2004. The Act sets out a new financial power for local authorities to use unsupported prudential borrowing for capital investment provided that the Council can afford the revenue consequences of any proposed borrowing. The key objectives of the prudential system are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. Under the regulations local authorities have been given the freedom to determine the amount of external borrowing they are prepared to undertake when considering their own capital spending and financing decisions.

At the outset of each Capital Programme planning cycle, the level of resources available to fund the Programme is reassessed in light of the most recent information. The current Programme is then reviewed to establish the level of resources needed to fund the committed Programme. This information is then used to establish the resources available to fund new schemes.

It is the Council's policy to maximise capital receipts through a review of existing property use. A rigorous approach has been adopted to the identification and disposal of surplus assets that are no longer required to meet the Priorities of the

Council. The Council views this as the most cost effective way to finance the Capital Programme and minimises the risks to the core revenue budget.

The Council has been very successful at securing external funding from the Government and private sources, to achieve the delivery of its Capital Programme. The Council has been able to fund a significant proportion of its Capital Programme from external funding in previous years.

For externally funded projects, the Council's policy is not to include schemes in the overall Programme until such time as the sources of funding have been confirmed. This is specifically to address issues of slippage within the Programme and to avoid the Council entering into an open-ended commitment which then deprives other important schemes of resources. However, it is vital that when such schemes have secured sufficient partner funding, that the Council has the capability to fund its share of the overall scheme cost and can add such schemes to the Programme if it desires.

Getting value for money is a priority for the Council and the Capital Programme should provide high quality, value for money public services. The Council recognises that best value is based on whole life costs and therefore the on-going revenue implications of capital spend are identified when bids for capital resources are assessed and when schemes are approved; when a new capital project is proposed any impact on revenue expenditure is anticipated and costed. These revenue costs are used to inform the revenue budget planning process and are considered alongside other priorities in the revenue budget when the overall budget is set.

In order to ensure that resources available for capital investment are used efficiently and effectively, the Council prioritises all capital projects in line with its Priorities, available resources and longer term revenue savings. This is achieved by the submission of bids for capital resources being appraised by the Programme Board, which consists of the Senior Management Team, for their consideration and comment. This process includes all elements of capital apart from planned housing maintenance which is dealt with by the Housing Management Forum.

The resulting Capital Programme is then reported to the Executive Committee for recommendation to Council for approval.

#### **D. Managing and Monitoring the Capital Programme**

Programme management, monitoring and review in terms of both the delivery of outcomes, priorities and financial performance are the responsibility of the Programme Board, working in conjunction with the responsible manager. Progress reports incorporating any recommended variations to the Programme are presented to the Programme Board and the Executive Committee where required. Any 'learning' arising from the monitoring/review process is used to inform the approach on an ongoing basis. The Council's Financial Regulations and Contract Standing Orders stipulate how the financial aspects of the Capital Programme and each capital scheme should be managed and the Programme Board ensures compliance with these requirements.

The Council is committed to consulting with the community, its partners and service users on the key issues affecting the quality of life in the Borough. It has always been important to ensure that resources and services are designed, delivered and improved to meet the changing needs and expectations of our community, our partners and our service users. To achieve this commitment the Council consults and involves the community on any major or controversial capital schemes and makes its policies, decisions and services accessible to comment from residents, businesses, agencies and major partners.

#### **E. Reviewing the Capital Strategy**

The Capital Strategy is reviewed annually to ensure it remains valid. The Council reviews the allocation of its Capital Resources on an annual basis to ensure that its Programme of investment is in line with the actual resources available to support its spending needs and priorities.

During the financial year to Capital Programme is reviewed and can be varied by the Executive Committee.

#### **F. Summary**

The Council will continue to prioritise its capital spending in line with its Priorities and other criteria.

The Council will annually review its approach to capital expenditure having regard to outcomes of service reviews, inspections, condition surveys, and outcomes of the Capital Programme.

The Capital Programme for 2021-2025 is included at **Appendix 1**.

## Capital Programme

## Appendix 1

<u>Capital Scheme/Project</u>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>
	£	£	£	£
HRA planned maintenance	2,183,830	2,161,260	2,161,260	2,161,260
<b>Public Housing</b>	<b>2,183,830</b>	<b>2,161,260</b>	<b>2,161,260</b>	<b>2,161,260</b>
Disabled facilities grants	1,000,000	1,000,000	1,000,000	1,000,000
Housing First	-	310,000	-	-
<b>Private Housing</b>	<b>1,000,000</b>	<b>1,310,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
Town Deal - Rawlinson Street Phase 2	65,000	1,341,250	-	-
North Central Renewal - Greengate Street	150,000	-	-	-
Town Deal - Ferry Road	-	-	2,537,917	522,500
Private Sector Housing	-	-	-	93,600
<b>Housing Market Renewal</b>	<b>215,000</b>	<b>1,341,250</b>	<b>2,537,917</b>	<b>616,100</b>
Cemetery	100,000	-	-	-
Play Areas	35,000	-	-	-
Walney Community Centre	25,000	-	-	-
Leisure Centre	-	52,000	700,000	65,000
<b>Public Buildings</b>	<b>160,000</b>	<b>52,000</b>	<b>700,000</b>	<b>65,000</b>
Waterfront Gateway Business Centre	87,840	-	-	-
Town Deal - Marina Village	90,000	177,000	477,000	222,667
Brownfield Land Release - Marina Village	-	1,519,081	-	-
<b>Industrial &amp; Commercial Property</b>	<b>177,840</b>	<b>1,696,081</b>	<b>477,000</b>	<b>222,667</b>
Heritage Action Zone	327,391	385,166	57,775	-
Accelerated Town Fund	587,380	-	-	-
Low Carbon Barrow	353,496	1,096,504	-	-
Levelling Up Fund	200,000	4,497,115	12,855,739	38,469
Town Deal - Learning Quarter	296,667	6,365,000	3,497,000	187,000
Town Deal - Hubs & Earnse Bay	195,000	624,867	2,094,100	952,700
Town Deal - Place Development	19,000	311,000	324,167	2,500
Town Deal - Cycling & Walking	140,000	1,000,000	1,826,667	1,000,000
<b>Regeneration &amp; Public Realm</b>	<b>2,118,934</b>	<b>14,279,652</b>	<b>20,655,448</b>	<b>2,180,669</b>
Contingency	15,000	100,000	-	-
<b>Total of Programme</b>	<b>5,870,604</b>	<b>20,940,243</b>	<b>27,531,625</b>	<b>6,245,696</b>

<u>Capital Financing</u>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>
	£	£	£	£
Disabled Facilities Grant	1,000,000	1,000,000	1,000,000	1,000,000
Accelerated Town Fund	562,530	-	-	-
European Structural and Investment Fund	170,653	529,347	-	-
Town Deal	795,667	9,489,117	10,256,851	2,867,367
Heritage Action Zone	196,435	231,100	34,665	-
Cumbria Local Enterprise Partnership	182,843	567,157	-	-
Levelling Up Fund	200,000	4,497,115	11,295,370	-
Brownfield Land Release Fund	-	1,519,081	-	-
HRA Major Repairs Reserve	2,183,830	2,161,260	2,161,260	2,161,260
GF Earmarked Reserves	130,956	516,066	293,110	27,000
Usable Capital Receipts	447,690	430,000	2,490,369	190,069
<b>Total of Financing</b>	<b>5,870,604</b>	<b>20,940,243</b>	<b>27,531,625</b>	<b>6,245,696</b>