



**FINANCE, RESOURCES AND EQUAL OPPORTUNITIES
SCRUTINY COMMITTEE
CABINET**

24 July 2001

30 July 2001

CAPITAL STRATEGY 2002/03 TO 2004/05

Report of the Chief Financial Officer

1. Purpose of the report

- 1.1 This report recommends a Capital Strategy Statement (CSS) to be submitted to Government Office for the East Midlands (GOEM) by 31 July 2001 for consideration in determining the discretionary element of the Single Capital Pot (SCP) allocation from 2002/03.

2. Summary

- 2.1 From 2002/03 the Government will distribute mainstream capital resources to authorities through the SCP. The Council has to submit a CSS and Asset Management Plan (AMP) to Government Office by 31/7/01, which will be used in the assessment of the discretionary element of the SCP.
- 2.2 The discretionary element of the SCP (5% of the total SCP) is likely to be distributed on the basis of authorities' CSSs, AMPs and service assessment of Housing, Transport, Education and Social Services. Service Assessments are likely to be largely based upon existing submissions in these areas, such as the Housing Investment Programme and the Local Transport Plan.
- 2.3 The Council submitted a draft CSS to Government Office in July 2000 as part of a 'dry run' exercise. Good feedback was received. The CSS identifies the main policies and procedures by which the Council will determine and subsequently manage its capital programme.
- 2.4 The CSS was subsequently expanded into a full Capital Strategy, which was agreed by Council in November 2000. The attached CSS, at Appendix 1, is largely based on that approved strategy, whilst being directed at providing the

information specified by the Government within a maximum of the 6 pages allowed.

- 2.5 The main difference between the policies set out in the CSS and the Capital Strategy agreed in November 2000 is the inclusion of service specific, as well as corporate, capital priorities. The Council's full Capital Strategy will be amended accordingly and Council will be asked to approve a revised strategy in November.
- 2.6 I will use slides at your meeting to explain the main issues relating to the SCP and Capital Strategy.

3 Recommendations

- 3.1 Finance, Resources and Equal Opportunities Scrutiny Committee is asked to comment on the draft CSS attached at Appendix 1.
- 3.2 Cabinet is asked to endorse the attached CSS for submission to GOEM by 31 July, and to delegate to the Chief Financial Officer (in consultation with the cabinet lead) authority to make changes, if necessary, to comply with any final Government guidance.

4 Financial and Legal Implications.

- 4.1 The SCP will allocate mainstream capital resources to authorities from 2002/03. The majority of authorities' allocation will be based on an assessment of "need" on a similar basis to that of the present system, although part will be at Government's discretion. Initially, the discretionary element of the SCP will be 5% of the total, rising to 20% over time. The Government has still to issue final guidance on how the discretionary element will be allocated. However, the Government's consultation paper indicates that the majority of the discretionary element will be allocated on the basis of Service Assessments. A "good" CSS and AMP will be awarded up to £50,000 each, a "satisfactory" document £25,000 each, with no award for a "poor" document. The final guidance is expected imminently.

5. Report Author

Graham Feek, Financial Strategy Manager