

CAPITAL PROGRAMME UPDATE - THE SINGLE CAPITAL POT

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1. Purpose

1.1 To update the Sub-Committee on the implications of the latest guidance on the single capital pot.

2. Summary

- (a) The form the 'single capital pot' will ultimately take is not yet clear. Further guidance and an implementation timetable are due to be issued in the autumn.
- (b) One of the Government's key objectives is to improve the use of public assets.
- (c) The two key features of the changes currently taking place within the present service block allocation mechanism are, strategic planning and performance targets. These are areas the Department of Environment, Transport and the Regions (DETR) has said authorities should currently be considering at a corporate level.

3. Recommendations

3.1 This Committee is recommended to note the significant implications of the proposed changes to the capital financing regime.

4. **Background**

4.1 The 1998 White Paper 'Modern Local Government - In Touch with the People' outlined the Government's commitments in relation to the single capital pot. They are:

- (a) cross service allocation for the bulk of central government capital support;
- (b) resource allocation based partly on both need and performance;
- (c) assessment based on best practice performance indicators; and
- (d) and safeguards to ensure Government priority objectives.

4.2 Two research contracts have subsequently been let to consider performance measurement and cross service needs indicators. The DETR are due to issue the results for consultation shortly.

4.3 A progress report on the single capital pot was issued in June 1999 and outlines the following key areas authorities should now be considering:

- (a) the preparation of a corporate strategy for capital investment;
- (b) the development of a corporate asset management plan; and
- (c) and challenging the existing asset management function.

It is these issues which form the basis of this report.

4.4 An announcement on the implementation timetable is expected in the autumn. The earliest the introduction could take place is 2001/02. However, it is likely that given the significant amount of preparatory work involved a phased approach will be adopted.

5. **Issues and Choices**

5.1 **Changes to service block allocations**

- (a) It is not yet clear what form the single capital pot will ultimately take. The dichotomy between the implementation of a cross service allocation mechanism and the need to protect priority areas has not been resolved. Consequently, the changes to the current allocation mechanisms already taking place within the Housing (combined funding streams, business plans for housing management), Transport (allocations based around Local Transport Plans), and Education Blocks (introduction of asset management plans) have led to speculation whether the development will be undertaken through a single Housing pot, a single Education pot etc.

The DETR have stated that these service initiatives will inform the single pot

process.

- (b) The common features of all of the proposals are the requirements to demonstrate effective strategic planning and meet performance targets. It is these aspects that the DETR have indicated Councils should currently be considering.

5.2 A Corporate Capital Investment Strategy

- (a) Latest guidance indicates the requirement for Councils to produce a comprehensive capital strategy document, which incorporates key service strategies, as well as an overarching corporate strategy which addresses cross cutting issues for all services.
- (b) The document should set out the aims and principals underpinning the Council's Capital Programme and provide a guide to investment prioritisation. Effectively therefore, it will need to reflect both central and local political priorities, as well as the Council's position in relation to developing alternative funding sources and inter authority partnerships.

Ideally it should fall out of the corporate strategy documents which underpin many year budgeting.

- (c) A proposed capital strategy document will be brought to this Committee for consideration in due course and subsequently periodically reviewed as necessary.

5.3 Corporate Asset Management Planning

- (a) The objective of asset management planning is to achieve better value from assets and so improve the efficiency and effectiveness of service delivery. Hence whilst operating within a corporate framework it is driven primarily by service need.
- (b) Currently the Department of Education and Employment' (DFEE) requirements for the introduction of Education Asset Management Plans (AMP's) are much further advanced than those of the DETR. This has led to some concern about the overlap between the two. However, DETR's statement that the changes will inform the single pot process, imply that they will be used as a blue print.

It is vital therefore, that whilst progressing to the DFEE's timetable, the implementation of the Council's Education AMP is seen in the wider context and the opportunity taken for lessons to be learnt.

- (c) Performance based resource allocation under the 'single capital pot' will be dependent on the Governments assessment of an authorities comparative success in delivering it's AMP and the performance indicators and targets contained there in.
- (d) A proposed Draft Asset Management Strategy appears elsewhere on this Agenda. As further guidance on scope and information requirements are issued it will be amended. It will also be further informed by the outcome of the best value review.

5.4 **The Impact of Best Value**

- (a) Where they do not already exist, a logical recommendation of any best value review on property management is the implementation of both a corporate capital strategy and AMP. The base data for both, namely the authorities property requirements and their current shortcomings, are effectively identified by the requirement to challenge, consult and compare the portfolio and its management.
- (b) It is likely therefore, that the assessment of the Council's Best Value Performance Plans will be closely linked to it's performance assessment under the 'single pot' system (see paragraph 5.3(c) above).
- (c) A proposed approach to the Council's pilot review is set out at Item 11.

6. **Implications**

6.1 Environmental

None arising directly from this report.

6.2 Equalities

None arising directly form this report.

6.3 Financial

None arising directly form this report.

6.4 Legal

None arising directly from this report.

6.5 Staff and Accommodation

None arising directly from this report.

7. **Conclusions**

- 7.1 Regardless of the form the single pot ultimately takes, it is clear that strategic planning and an effective AMP will be essential features of the future capital allocation system. Resource will depend on them.
- 7.2 Best value is the ultimate objective of a good AMP. The two processes should inform each other and hence their performance be closely linked.

Background Papers: 'The single Capital Pot: A Progress report' - DETR