

# Basildon District Council

## Capital Strategy 2010

Approved December 2009

## **CAPITAL STRATEGY 2010**

### **The Strategy**

The purpose of the annual Capital Strategy is to show how the Council will maximise the capital resources available for its plans and programmes and to demonstrate how they will contribute to achievement of the strategic priorities set out in the Council's Strategic Improvement Plan and its wider objectives.

### **Background**

#### **Major Regeneration Schemes**

The Council seeks to deliver most of its key regeneration projects externally through other public bodies and/or the private sector. This is due to the restricted financial resources available to the Council to support these schemes and the ability of these partners to access public and private sector funding not available to the Council. However it should be noted that on some minor schemes, and for the initial planning work on some major schemes, the Council may act as the accountable body.

Therefore, major regeneration schemes within the District are progressed in the main through partnership arrangements, and in particular through the Basildon Renaissance Partnership, to maximise inward investment into the District through the collective resources of partner bodies. The major regeneration plans for the District that are likely to affect the next fifteen years or so include:

- Regeneration of Town Centres – Basildon, Wickford, Pitsea and Laindon, each of which will affect Council facilities and assets
- Economic Growth – Economic Framework and regeneration of the A127 and Nethermayne corridors
- Culture and Environment – including the Sporting Village, improvements to Wat Tyler Country Park and the RSPB marshes area
- Health and Education – Basildon Hospital, an East Basildon Academy and a Basildon Vocational Centre
- Housing and Estates – generating aspirational housing, Five Links, Royal Court, Craylands and other estates identified for regeneration, and renovation of the Council's own housing (Decent Homes).

An indicative timescale for these major schemes is given in the Basildon Regeneration Framework, which was formally agreed by the Cabinet on 8th November 2007. This sets out the vision and the delivery programme for the District that the Council is seeking to achieve in the period to 2021 in the five priority areas outlined above and that now forms the basis for funding bids and investments.

Due to the economic recession and the property downturn in particular, progress on some of these projects has been delayed, although none of the major projects has halted. Dialogue will close shortly on Basildon and Wickford town centres, following which a decision will be made on whether to appoint the development partners. Both projects will be subject to development agreement contracts.

Work has now begun on the regeneration of Royal Court, the Craylands project, the Sporting Village and the first phase of Decent Homes investment in our housing stock using borrowing supported by the CLG.

The Regeneration Framework supports and complements the Council's Strategic Improvement Plan 2009-12, the Community Strategy and the emerging Local Development Framework, to provide an integrated approach to regeneration in conjunction with social, environmental and community regeneration initiatives. The Framework was agreed before the recession started to affect the economy. It will be updated in detail to reflect the developing position during 2010.

External resources will be sought only to further the aims and objectives of the Council's Strategic Improvement Plan, and for this purpose an External Funding Framework has been developed. Due regard is also had to the Council's other policies, strategies and plans.

The Council's capital programme will reflect only expenditure incurred directly by this Council for its own account and the resources raised to meet that expenditure. It will not reflect investment made directly by partners.

### General Fund Services

Even before the impact of the recession there was a limited availability of conventional capital resources and little provision for asset replacement or improvement directly by the Council. The Asset Management Plan identifies a total current maintenance backlog of circa £8.7 million in its General Fund assets. Such a need is beyond the bounds of conventional resources and clearly the Council has to look at a variety of solutions.

Core spending is supplemented where possible by capital grants and contributions such as Section 106 receipts in respect of particular projects, and by capital receipts. Property assets that are no longer fit for purpose are disposed of and the proceeds invested as appropriate in existing assets or to replace worn out assets with facilities more suited to modern conditions. Current examples of projects delivering new and improved facilities include the Sporting Village within Gloucester Park, which will replace the ageing Gloucester Park swimming pool and the sports centre at Markham's Chase, and the substantial development of facilities at the Wat Tyler Country Park. Of the maintenance backlog identified in the Asset Management Plan, £2.1 million relates to Leisure assets and with the completion of this programme, the leisure backlog will come down to some £0.9 million.

The downturn in the market for development land and in applications for Right-to-Buy sales of council homes has had a major impact on the resources available to the capital programme. As a result, the Council determined in its budget setting for 2009/10 that, for its regular capital requirements, HRA capital spending would be capped at the level supported by the government through borrowing allocations and the Major Repairs Allowance. In this way, capital receipts could be targeted to meet statutory and other high priority General Fund obligations, such as disabled facilities in private sector housing, Disability Discrimination Act requirements, health and safety work and now the Sporting Village commitment, any residual shortfall being met from prudential borrowing. This is expected to remain the strategy for the medium term.

The Council will use borrowing to finance capital projects where there is an economic argument for doing so. The “prudential borrowing” powers now available to local authorities are subject to proposals being “prudent, affordable and sustainable”. Since these powers became available in 2004, Basildon has financed a number of projects where the investment was justified by additional income (or the protection of existing income) or where savings could be made at least equivalent to the debt charges. A recent example of this was the relocation of the netball courts at Gloucester Park.

A “Contingency Reserve” has been established and, whilst it is a revenue reserve and will not be used routinely to finance capital projects, it is available to meet exceptional unbudgeted costs or additional investment in General Fund services in appropriate cases. The balance of the reserve at March 2010 is forecast to be £5.08 million.

In principle, any surplus resources becoming available are directed in accordance with the Council’s Strategic Improvement Plan key aims and the financial framework as guided by the Methodology for Prioritisation scheme set out in the Asset Management Plan.

### Strategic Housing

The Council has strategic responsibility for private sector housing, provision for which is made in the General Fund capital programme as follows:

- **Disabled Facilities:** This means-tested grant scheme costs some £700,000 per annum. The government make a limited contribution, currently of about 60%, any shortfall having to be found by the Council from its own capital sources. Although this is a statutory service, the Council’s own contribution is dependent on the same resources raised locally as those needed for discretionary local service provision.
- **Empty Homes Direct Assistance Project (the Thames Gateway South-East PLACE scheme):** Basildon has recently led five authorities in a successful bid to the East of England Regional Assembly (EERA) for capital resources to bring empty private sector homes back into use. The scheme is planned to run over two years to March 2011, with £0.5 million being available this year and £1.0 million in 2010/11 shared equally between the five authorities. The scheme is managed by Pathmeads, a housing association that is part of the Genesis Group. As refurbishment costs are met through loans repayable over five years by the owners of the homes, the scheme is designed to be self-financing over the longer-term.
- **Private Sector Assistance:**
  - **Home Repairs Assistance and Renovation Grants.** The Council provides some £200,000 per annum for these discretionary grants, which facilitate the repair and refurbishment of private homes where the occupiers are on low income.
  - **Decent Warm and Healthy Homes:** Thurrock Borough Council was the lead authority in a successful bid to EERA for capital resources of £4.38 million over the two years to March 2011 across the Thames Gateway South-East housing sub region. The scheme is aimed at achieving the Decent Homes standard for vulnerable households in the private sector

and reducing fuel poverty and improving the SAP rating for poorer insulated properties. Basildon's allocation in the first year is £600,000 with a similar indicative allocation in the second year. It will supplement the Renovation Grants budget and funding of £100,000 received from the NHS South West Essex to help reduce fuel poverty.

- Mortgage rescue scheme: Basildon Council have been trailblazing the government's Mortgage Rescue Scheme which we continue to refine to enable us to assist more clients. Many of the obstacles applicants have to go through are becoming more familiar to the staff who administer this quite complex scheme and the government are looking to task their own staff specifically to help local authorities with a specialised help line. Basildon and one other local authority in Essex have each successfully completed a scheme and others are in the pipeline. We have participated in many awareness events including recession busting days and have produced literature and press releases to raise awareness with the public of this and other housing options.
- New housing supply, including affordable homes
  - The Council is involved in a number of housing projects including mixed tenure schemes that include private for-sale, affordable rented and intermediate ownership/tenanted properties. Properties requiring subsidy (usually RSL schemes) are mostly funded through the NAHP (National Affordable Housing programme) by the HCA but some are funded or part-funded through planning gain.
  - The Council is currently subsidising affordable housing provision on the scheme at Royal Court (£0.6 million) using section 106 contributions.
  - The Council also contributes to affordable housing through the allocation of free or discounted land to partner Housing Associations, for example at Five Links, Royal Court, Craylands and Milford Hall. Such activities provided 210 affordable homes in 2008/09 and a similar number is expected in 2009/10.
  - The government is now making funding available for new Council homes, within the HRA but outside the subsidy system. A small project has been bid for to act as a pilot for Basildon. If successful, the Council could consider larger scale house-building in the future.

### The Council's own housing stock

Whilst the Council retains discretion as to the use of any capital resources, the strategy since the onset of the recession has been to direct all resources to the General Fund programme unless they are already ringfenced to the HRA (which by law is the case with revenue). This has limited the size of the HRA programme to what can be funded from the Major Repairs Allowance (MRA), any borrowing supported by the government, any direct contributions received towards work to HRA property and from revenue. The Council may supplement HRA resources with unsupported borrowing, subject to normal prudential rules. St Georges therefore have to manage within a Management Fee capped at the level of funding available from these sources.

Investment in the housing stock is therefore now entirely dependent on external resources ring-fenced to the HRA. The largest contribution is from the Major Repairs Allowance (MRA), which is a sum provided by the government in the annual HRA Subsidy determination to address the depreciation of HRA assets. In 2009/10 this amounted to £8.3 million and is adjusted each year for changes in stock numbers and cost inflation. Earlier this year, the Council successfully bid for £1.8 million of its 2010/11 MRA to be brought forward to 2009/10 to finance major repair works at seven sheltered housing schemes and other properties. Government support is also given for additional borrowing of £1.1 million per annum.

Whilst significant sums have been contributed from revenue in the past, the HRA can no longer afford to direct revenue moneys into the capital programme. The HRA programme was similarly enhanced in the past by capital receipts from Right-to-buy sales and other disposals of HRA land. However, as mentioned above, it has proved necessary to direct any capital receipts to finance statutory and other high priority work in the General Fund programme.

The Council owns a portfolio of some 11,400 domestic rented properties. The purpose of establishing St Georges Community Housing Limited in April 2007 was to manage these and other HRA assets on an arm's length basis on behalf of the Council. The company is entirely owned by the Council and is managed by a board of directors consisting of Council nominees, domestic leaseholders, tenants and other independent people from the Basildon District.

A key driver for its creation was the objective of achieving the Decent Homes Standard in all the Council's dwellings and an arm's length management organisation was a precondition to government support for £142 million of additional borrowing. Another precondition was that St Georges receives at least two stars in an Audit Commission inspection, and this was achieved in June 2009. Subject to this, the HCA (the Housing and Communities Agency, to whom the government have now delegated responsibility for Decent Homes funding) confirmed that supported borrowing of £142 million would be made available over five years starting in the Autumn of 2009 for completion in 2014. However, on 17th July 2009, the Minister for Housing and Planning announced that no Decent Homes funding would now be available to a number of ALMO authorities, including Basildon, until 2011/12.

Following representations, the HCA have now allocated £5 million of borrowing support for 2009/10 and "an indicative budget of £10 million for 2010/11". The Council is making further representations to the HCA with a view to improving and confirming the sum available for 2010/11. On 21st October, the minister wrote to John Baron MP confirming that Basildon "will receive the full indicative funding total of £142 million" and that "there has been no cut in the £142 million funding ..., although the scale of the funds released immediately and the timescale over which the full investment will be made may vary from earlier plans." He had asked the HCA for discussions with Basildon to be given high priority and he expected them to be concluded shortly.

The government's target date for completion of Decent Homes throughout England & Wales was originally 2010. Since it first made its bid in July 2006, the Council has been entirely dependent on the government to fund its programme and, ironically, it will almost be 2010 before even a tentative start is made. Any funding beyond the first £15 million will be subject to the priorities of the incoming government following the General Election.

Where concentrations of properties that, even with high investment, would still not be popular or fit for purpose, the Council will tailor an individual strategy for the particular estate or block. This can entail transfer to RSL's, either for remodelling or demolition and rebuild. Recent examples are the schemes at Five Links, Royal Court and Craylands & Fryerns.

The Council has no strategy for renewal or rationalisation of aged persons sheltered housing schemes. A sum of £50,000 has been made available for a feasibility study.

In July 2009, the Minister published a consultation document setting out proposals to reform the HRA finance system. The paper puts forward a range of proposals, but the main focus is on establishing a self-financing regime that would enable housing authorities to manage and maintain their HRA stock outside the HRA Subsidy system. In theory, authorities would take on or relinquish an amount of debt calculated to leave their HRA in a self-financing position. It is unclear how the starting debt would be calculated or what assumptions would be made about the funding of future levels of capital expenditure, including for Decent Homes.

The deadline for consultation responses was 27th October 2009. In its response, which was supported by representatives of tenants and leaseholders, the Council welcomed the proposals in principle, expressed its willingness to be a pilot authority and, in the event that the CLG could not reach agreement with all stock holding authorities, asked for an opportunity to discuss with the Secretary of State the possibility of a bilateral agreement for Basildon. In practice, any changes would depend upon the priorities of an incoming government following the General Election.

### **Strategies for Maximising Resources**

The Council will adopt the following strategies to maximise the resources available for capital investment, so far as these are consistent with its Strategic Improvement Plan aims and objectives:

- **Resource Bidding.** The Council is dedicated to identifying potential external funding sources to address the revenue and capital implications of Strategic Improvement Plan aims. The Council will continue to seek resources for major capital projects through the Basildon Renaissance Partnership, in accordance with the External Funding Framework.
- **Partnership arrangements,** in particular with the partners in the Basildon Renaissance Partnership but also with the wider public and private sectors, for instance in Basildon and Wickford town centre agreements.
- **Partnership with other public bodies** to deliver plans which meet our objectives, such as ongoing work with Network Rail for a new station in Basildon town centre and the PCT for a new health centre in Wickford.
- **Pursuing options for the Council's own Housing stock,** particularly through the government's Decent Homes programme using resources earmarked for Arms Length Management Organisations, but also through maximising the opportunities for Basildon if the government's proposed reform of HRA finance goes ahead.

- **Close working with RSL's, other developers and the HCA** to maximise the supply of much needed new housing, including affordable housing.
- **Prudential borrowing**, through continuous assessment of opportunities to use the prudential regime for capital finance to assist the Council to achieve its current legal obligations and future aspirations, in particular for spend-to-save schemes where capital investment is justified in terms of additional income or revenue savings, but also to deal with temporary shortfalls in capital resources due to the economic recession.
- **Asset realisation**, through reviews of service provision, including the buildings from which services are provided. The aim is to identify surplus assets no longer providing the level of service intended, or in a poor state of repair and not warranting further investment, to present opportunities to raise capital receipts by the disposal of such assets and to reinvest such funds in renewed facilities. Whilst the scope for asset realisation is difficult, due to depressed land values and a limited market during the recession, there is now good evidence of a market returning, and whilst values are lower than the peak, nonetheless good value can be achieved. Following approval of the Asset Management Plan in April 2009, a schedule of sites with potential for disposal on this basis was approved by the Council in July 2009.
- **The potential of PFI and PPP schemes** in appropriate cases.

There are certain contractual and statutory limitations on the Council's ability to maximise resources in the ways described above:

- Clawback and restrictive covenants

Asset realisation is complicated by Basildon's history as a New Town. The HCA holds significant rights over land in the New Town areas of the District by way of restrictive covenants and clawback. These affect both Housing and General Fund land.

In May 2006, the Council signed a "Memorandum of Understanding" with English Partnerships (EP, now part of the HCA) and the Department for Communities and Local Government under which EP/HCA and the Council would work together to reinvest clawback receipts in projects within the Basildon District that benefited the community and that were not viable without such reinvestment. As a result, there were a number of occasions since 2006 where reinvestment of clawback into Council Projects was approved. This is still being done, but on the basis of case-by-case representations, negotiation and approval.

The HCA have launched a new approach to agreeing an investment strategy with local authorities called the "Single Conversation". It is anticipated that this approach will include an agreement to area based reinvestment.

- Pooling

All local authorities are regulated in their dealings with housing assets and, even where land sales are possible or appropriate during a recession, a high proportion of sales proceeds has to be paid to the government to support delivery of its housing policy nationally. Whilst this may change if the

government's self-financing proposals on the reform of HRA finance proceed, 75% of Right-to-Buy receipts and 50% of other sales proceeds (after deduction of any clawback) are currently payable into a government pool. In the case of non-RTB receipts only, pooling is waived where they are applied to works of affordable housing or regeneration, and the Council takes full advantage of this concession.

### External Relationships

Capital investment in the District is delivered not only by the Council directly but also through its role as community leader working with others to encourage investment, particularly from the private sector. In such instances where private sector funding is sought, public funding acts as seed funding to facilitate development.

The Basildon Renaissance Partnership (BRP) was established in 2002. It acts as the local regeneration partner for the development, co-ordination and management of strategic development and physical regeneration across the District within the Thames Gateway. It plans, manages and coordinates a programme of projects across the District, with partners working closely together to deliver projects drawing on the resources of individual partners. A Support Team provides project management and coordination support to partners. The Partnership aims to deliver key strategic projects and attract inward investment so as to minimise the use of Council resources and leave the Council with no ongoing revenue costs.

Since 2003, the BRP has secured significant Sustainable Communities funding for the period up to 2011. This has been indicatively allocated towards projects in Basildon. However not all of the funding is included in the Council's Capital Programme as some partners delivering projects receive funding directly from the Government.

The major projects currently being delivered through external relationships include:

- **Development of a "Sporting Village"** in Gloucester Park. The contract for this major new sports and leisure facility was approved by the Council in July 2009 costing £38.1 million in total. The funding package includes contributions of £16.7 million from partners and £19.2 million from asset realisation by the Council. The shortfall of £2.2 million, plus any temporary funding pending receipt of resources, will be met from prudential borrowing. Work began on site on 12th October 2009 and the completed facility will open to the public in April 2011.
- **Regeneration of the Craylands estate and the development of the former Fryerns school site.** The HCA are leading the project in partnership with the Council and Swan as developer. The Council is contributing its landownership interest in the Craylands estate, valued at an estimated £15 million, to enable the delivery of £61.5 million of alternative sources of funding through its development partners. This will involve demolition of existing Council housing and the creation of 1,400 new homes. Work has started and the first homes are due in the summer of 2010.
- **Heritage Centre at Wat Tyler Country Park.** An education and visitor centre is being built to supplement the park's existing attractions. The Cabinet gave the go ahead for the £5.3 million project in April 2007 towards which external

funding of £4.9 million was secured, including £1 million from the Heritage Lottery Fund and £3 million from the East of England Development Agency. Construction commenced in June 2008 and the new facilities opened to the public in July 2009. An additional £1.6 million has more recently been secured through CLG under its "Parklands" initiative to develop a visitor facility around the theme "Basildon past, present and green future" and to undertake further landscape enhancements across the wider park. The new facility is due to open in April 2011.

- **Royal Court.** Work has begun on the phased redevelopment of the Royal Court flats in Laindon. The project entails the demolition and replacement of 96 flats, a shop and a community hall with 127 houses and flats, a new shop and a new community hall. The project is led by Family Mosaic Housing Association in conjunction with the builders Lovells. The 100 affordable homes within the scheme are part funded by £4 million of HCA grant. The project also benefits from £1 million of CLG funding and £0.6 million of affordable housing grant from this Council. The Council's grant is to be funded by developments elsewhere through commuted Section 106 contributions for affordable housing.
- **Five Links.** This is a mixed tenure development of 186 new housing units with multi-million pound improvements to the public realm, including new pedestrian access ways and investment in youth initiatives. The redevelopment will also include the construction of a landmark building and is part of a £27 million regeneration scheme that brings wider economic and local labour investment. The current scheme is at stage 3 with the original redevelopment having commenced in the mid 1990's.
- **Improvements to Basildon Town Centre.** The HCA has provided £2 million towards an environmental improvements programme for the town centre which will help fund a new lighting scheme for Town Square and St Martin's Square, new street furniture and other public realm works.

In addition, following default by the developer of new housing at Northgate House, the Council has taken responsibility for providing new lifts to High Pavement in place of the previous escalator and staircase. The HCA are contributing £800,000 towards the cost. The work is due to finish before Christmas this year.

In addition to those currently being delivered, listed above, the major projects to be delivered through external relationships also include the following, currently in the procurement stage:

- **Regeneration of Basildon Town Centre.** This includes immediate priorities, such as the replacement of Council-owned escalators with lifts mentioned above, and the longer-term implementation of the Development Framework for the Town Centre approved in 2006. The Council is currently procuring a Strategic Development Partner to prepare a master plan for the town centre regeneration over a 20-year period. The Council approved a single bidder in July 2009 and dialogue is now drawing to a close. Work on the master plan will start in early 2010 and the Council is negotiating with key partners about further public sector investment.

- **Wickford Town Centre redevelopment.** The Council approved a master plan for Wickford town centre in February 2006. This included the creation of a new Public Sector Quarter with re-provision of the swimming pool, a fitness suite, community centre, library provision and health services. This proposal includes Council community and land assets which may be re-provided within the Quarter or elsewhere in the town centre. The Council is currently procuring a Strategic Development Partner to plan and deliver the regeneration. A single bidder was approved in April 2009 and dialogue is now drawing to a close. Work on the master plan will start in early 2010 and the Council is negotiating with key partners about further public sector investment.

The Council has prepared an Interim Planning Obligations Strategy to ensure that the impact of new development is mitigated by appropriate developer contributions towards the provision of new infrastructure. This will have to be incorporated into the Local Development Framework for the District and reflect the government's intentions to bring forward legislation to allow local authorities to set locally agreed tariffs for new development to be known as a Community Infrastructure Levy (CIL). Until the relevant Development Plan Documentation (DPD) is complete, the interim policy, which was approved by Cabinet in February 2008, will be used as a basis for negotiation with developers in order to secure appropriate contributions.

### **Prioritisation and Performance Management**

The process for progressing proposals for new capital projects (and extensions to existing) involves close working between Cabinet Members with responsibility in the particular service area with their Officers prior to consideration by the Cabinet, which determines priorities based on the overall Strategic Improvement Plan aims and objectives approved by the Council.

All proposals are subject first to an appraisal of the financial implications (both capital and ongoing revenue), and take into account whole life cycle appraisal and costing. Although the requirement has wider implications than land and property-related schemes, the way these resources are allocated will continue to be assessed having regard to the methodology and structure defined in Appendix 4 to the Council's Asset Management Plan. Subject to such considerations, the capital cost is injected into the relevant capital programme based on the availability of resources.

Performance against Corporate Strategic Improvement Plan objectives and key national and local performance measures is reported quarterly to Cabinet Members. Cabinet Members also receive a monthly performance update on critical corporate objectives and measures linked to financial performance and risks. Scrutiny Committees receive a quarterly report on an exception basis on the performance of key national and local performance indicators.

The financial performance of schemes in the capital programme is reported quarterly to Scrutiny committees and monthly (ten times a year) to Cabinet Members and to each member of the Strategic Management Team (Executive Team and Heads of Service) relevant to their particular area of responsibility. A detailed schedule accompanies these statements identifying programmed, committed and current spending, scheme by scheme (but excluding individual schemes relating to Housing Revenue Account stock, which are under the control of St. Georges Community

Housing). Any budgets considered to be at particular risk are given special attention within such reporting arrangements.

**Appendix 1** to this Enclosure shows the key objectives of this strategy, at a strategic level rather than on a scheme by scheme basis, and the performance measures against which success can be assessed.

### **Risk implications**

The Council's capital projects each have a robust risk profile identifying associated risks and opportunities. All risk profiles are regularly reviewed and updated.

### **Revenue Implications**

The revenue effects of capital schemes and the assumptions on which they are based are reflected in the annual budget and forward forecast.

### **Procurement**

Capital related procurement is undertaken in accordance with the Council's approved policies and procedures. A revised Procurement Framework (2008-2012) was adopted by Cabinet at its 6 December 2007 meeting and revised Contract Procedure rules were approved by the Council in February 2008. For some services and works the Council must procure using the European Union Procurement Regulations. These supersede the Council's own procedures in some regards, and can be very complex and costly, particularly the Competitive Dialogue route. The Council used and is using these Regulations to procure the development partners for the Sporting Village, and Basildon and Wickford town centres.

The CLG have provided grant funding for the costs of procurement of the Sporting Village and for Basildon town centre. The cost of procurement for Wickford town centre is being met largely from capital receipts realisable from the scheme.

### **Current and Projected Capital Expenditure**

A summary of the Council's capital programme for the General Fund and the Housing Revenue Account for the period to March 2012 is given in **Appendix 2** to this Enclosure. This reflects a number of substantial new investments committed in the current financial year, including the recent commitment of £38 million expenditure for the Sporting Village scheme, HCA confirmation of Decent Homes funding and increases in other external partnership funding. A fully updated programme will be included in the budget set by the Council for 2010/11 in February 2010, incorporating a forward financial forecast to March 2013 and the statutory prudential indicators.

## KEY OBJECTIVES AND PERFORMANCE MEASURES

Service	Key Objective	How Achieved	Comment
General Fund	The use of any surplus resources becoming available, above those required for essential work, will be directed in accordance with the Council Strategic Improvement Plan and the financial framework.	The prioritisation process identified in the Asset Management Plan.	The first call on receipts generated from land disposals is to fund the Sporting Village project. Any excess would be available to fund other needs of the General Fund programme and, if considered appropriate, to provide resources to repay residual borrowing.
	External resources will be sought only to further the aims and objectives of the Council's Strategic Improvement Plan.	The prioritisation process identified in the Asset Management Plan.	The Wat Tyler Heritage Centre, the Sporting Village and the Basildon town centre schemes, among others, are reliant upon external funding.
	Regeneration of Basildon and Wickford town centres.	Procurement of major development partners through EU competitive dialogue process, subject to viability. Timetable agreed for master planning.	Each project now down to a single bidder and dialogue process drawing to a close.
Housing Revenue Account	Management of housing assets operated effectively by St Georges Community Housing	Securing 2-star inspection outcome for St. Georges Community Housing	Secured at an inspection in June 2009
	Improvement of existing Council dwellings to the Decent Homes Standard.	Achievement of a 2-star assessment and demonstration of ability to commit expenditure by successful procurement of contractor(s) in order to secure sufficient capital resources from the government.	£142 million funding approved in principle. HCA have released only £5 million for 2009/10 and, provisionally, £10 million for 2010/11. The main funding to follow in the next CSR period commencing 2011/12.

**APPENDIX 1**

<b>Service</b>	<b>Key Objective</b>	<b>How Achieved</b>	<b>Comment</b>
	Any resources surplus to those required to meet the Decent Homes Standard and the landlord's asset management obligations, to be directed at meeting aspirations of tenants.	The extent to which tenant aspirations can be met earlier than the completion of the Decent Homes programme, e.g. through efficiencies made by St. Georges.	Advance of £1.8 million of Major Repairs Allowance from 2010/11 to 2009/10 approved by CLG.
	Sustainability of homes at the Decent Homes Standard over the longer term.	Resources identified to maintain both the Housing Revenue Account and the capital programme.	Current financial projections are not favourable. Financial Strategy being prepared by St. Georges. The government's proposals for the reform of HRA finance are intended to address sustainability issues for all HRA authorities.
87 Both service areas	Releasing the value of both General Fund assets and surplus housing through property review and a disposal programme.	The Manager of Corporate Property is required by the Council's Asset Management Plan to maximise the value of assets by an appropriate method of disposal that will be identified by each case.	Whilst land values are depressed and there is a limited market, there is now good evidence of a market returning, and whilst values are lower than the peak, nonetheless good value can be achieved.
	Lobbying of Homes and Community Agency and the government to relax clawback and other restrictive covenants on former CNT land.	The value of additional investment realised by the Council or its partners through the relaxation of controls.	Sites now have to be assessed on a case-by-case basis.
	Continuing assessment of how the prudential regime for capital finance could allow the Council to achieve its current and future aspirations.	Review of options as they arise.	Unsupported borrowing already used for certain General Fund and HRA projects where justified on grounds of prudence, affordability and sustainability.
	Reviews of the provision of specific services.	All reviews to include consideration of the capital implications of any proposed changes to services.	

## CAPITAL PROGRAMME

SUMMARY

(Mid-term update, November 2009)

ITEM	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
	£000	£000	£000
<b><u>General Fund</u></b>			
Community	50	50	50
Development & Regulation	50	50	-
Environment	1,044	1,009	1,124
Housing	2,900	2,600	1,200
Leisure	14,720	27,306	587
Regeneration and Partnerships	2,650	-	-
Corporate & Central	191	175	175
Contingency Provision	50	50	50
	21,655	31,240	3,186
<b><u>Housing Revenue Account</u></b>			
St Georges Management Fee	16,375	17,789	9,772
Deferred purchase	205	-	-
	16,580	17,789	9,772
<b>TOTAL PROGRAMME</b>	<b>38,235</b>	<b>49,029</b>	<b>12,958</b>
<b><u>Resources</u></b>			
Government grants			
o Major Repairs Allowance (for HRA stock)	10,129	6,640	8,623
o General Fund programme	7,452	3,289	420
Section 106 Contributions	-	3,086	19
Other capital contributions (external funding)	12,438	1,816	-
Capital receipts (mostly sale of assets)	237	14,146	1,008
Leasing	1,044	729	1,124
Supported Borrowing (for HRA stock)	6,149	11,149	1,149
Unsupported Borrowing	786	8,174	615
<b>TOTAL RESOURCES</b>	<b>38,235</b>	<b>49,029</b>	<b>12,958</b>