


## SUMMONS ITEM 7

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|    | <p style="text-align: center;"><b>Full Council</b><br/>28<sup>th</sup> November 2005</p> <p style="text-align: center;"><b>Report from the Director of Finance<br/>and Corporate Resources</b></p> |
| For Action  | Wards Affected:<br>ALL   |
| <p style="text-align: center;"><b>Capital Strategy and Corporate Asset Plan</b></p> |  |

Forward Plan Ref: F&CR-05/06-1

### 1. SUMMARY

- 1.1 This report presents the Capital Strategy (Appendix 1) and Corporate Asset Plan (Appendix 2 – not attached to the version submitted to Full Council).

### 2. RECOMMENDATIONS

That the Executive:

- 2.1 Agrees the Capital Strategy in Appendix 1 for submission to full council for approval
- 2.2 Approves the Corporate Asset Plan in Appendix 2.
- 2.3 Approves in principle the use of the £1m reserve and available maintenance budgets referred to in paragraph 4.4 of the report as part of the programme of planned maintenance, based on the results of the condition surveys. This is subject to a detailed programme being submitted to Members for approval and funding.
- 2.4 Note the need for additional resources to continue to reduce the backlog in future years and the need to include this within the budget considerations for the 2006/7 financial year.

### 3. DETAIL

- 3.1 The Capital Strategy's key objectives are set out in the first section of the document. It does not allocate resources as this is done as part of the decision making process on the four year rolling capital programme. It does however provide a framework for informed decision making within the limited resources available to the Council.
- 3.2 The Corporate Asset Plan (CAP) is a central element of asset management which aims to ensure the Council has the right space, at the right time, in the

right place and at the right cost to support its corporate and service priorities. It links closely to similar plans for schools, housing stock and highways.

- 3.3 It was a requirement of the ODPM that each local authority produced both a Capital Strategy and a CAP. Brent last produced these in 2002 but they have been updated on an ad hoc basis with consideration of the capital programme each year. It is no longer a formal requirement that these documents are completed. However, it is regarded as best practice that they are regularly reviewed and revised to meet the changing circumstances and priorities of each authority. This is reflected in the framework for the Use of Resources Block and Corporate Assessment for the Comprehensive Performance Assessment. Both plans will be examined as part of the next inspection of the Council.
- 3.4 Members will be aware of the emphasis being placed on improving the Council's Property Asset management arrangements. This was partly influenced by a Best Value Review of Property Services, Asset Management and Facilities Management published in August 2003. The Executive has supported, through the Capital Programme, increased investment in all asset classes with the aim of improving standards and reducing the backlog of maintenance. At the same time additional resources have been made available to strengthen the Property function. As part of the recent Council restructuring, a new Head of Property and Asset Management has been appointed. Table 9.1 of the CAP sets out proposals for action against each of the Council's property asset objectives which will deliver the main objectives of the Plan.
- 3.5 Both documents set out in some detail how the Council will seek to ensure it maximises value for money from its investments and use of assets.
- 3.6 It is intended to update the documents annually and report back to the Executive with progress reports on delivering their main aims.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Both documents are closely linked to the financial position of the Council. At the time the previous Capital Strategy and CAP were adopted in 2002 the Council took a decision linked to the Corporate Strategy to improve the quality of its assets. This has been reflected in the overall level of the Capital Programme (see Table 1 below) and the direction of investment, not only into new assets, but also existing facilities. The introduction of the Prudential Capital Financing Regime in 2004 has allowed greater flexibility to support this policy.

**Table 1: Analysis of Total Capital Spending**

| <b>2002/03<br/>£m</b> | <b>2003/04<br/>£m</b> | <b>2004/05<br/>£m</b> | <b>2005/06<br/>£m</b> |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 54.2                  | 65.1                  | 110.5                 | 101.8                 |

- 4.2 A particular area of concern, that Members regarded as a priority to address in 2002, was the maintenance backlog. The Strategy sets out in terms of

measurable outcomes the progress that has been made to date. Key outcomes include:

- Non-decent Council houses reduced from 6,106 to 2,725 over a three year period.
- The reduction of backlog repairs within schools by £6.7m.
- Access improvements sufficient to ensure all controlled pedestrian crossings in the Borough have dropped kerbs and a 37% increase in council buildings that have disabled access.
- Significant infrastructure works including:
  - a total of 38km of carriageway and principal roads resurfacing.
  - 17km of pavements have been upgraded.
  - Renewal of columns from Streetlighting PFI completed.
  - 6 major bridges have had weight restrictions removed.

4.3 The one area where the burden has increased are operational and non-operational non-school assets addressed within the CAP. One of the main purposes of the document is to facilitate an updated programme of planned maintenance which will reduce this burden. The Council is now in a position where this can be done on a prioritised basis having undertaken condition surveys on all its properties during this year. The results of these are set out in Section 4 of the CAP.

4.4 Currently there is a backlog of Priority 1 repairs required for operational and non-operational non-school assets of £4.83m. These works need to be carried out in 2005/06 and 2006/07. £2.09m of this is already funded within the capital programme, leaving £2.74m to be found from other resources. Service Area revenue budgets have resources of around £1.25m per annum for such work, although £500k p.a. will be required for re-active maintenance, amounting to a net £1.5m available in 2005/06 and 2006/07. Additionally £1m is allocated in a specific reserve to fund such works. This leaves a funding gap of around £0.3m which will need to be addressed as part of next year's budget with provisional allocations for future years. It is the intention that condition surveys will now be undertaken annually so the rolling programme can be reviewed and amended.

## **5. LEGAL IMPLICATIONS**

5.1 The Scheme of Transfers and Virements contained in the Constitution determines the power of the Executive to make transfers from reserves and any approval given following the presentation of the detailed programme referred to in recommendation 2.3 of this report will need to be given in accordance with the Scheme.

## **6. DIVERSITY IMPLICATIONS**

- 6.1 Diversity implications are taken into account in determining the corporate and service strategies that inform the capital strategy. There have been significant improvements in access to council and school buildings, disabled adaptations to homes, and accessibility of road crossings during the period of the previous capital strategy, and these priorities will continue to be reflected in the new strategy.

## **7. STAFFING IMPLICATIONS**

- 7.1 There are no staffing implications arising directly from this report.

## **8. BACKGROUND INFORMATION**

2002-2005 Capital Strategy

2002 Corporate Asset Plan

Any person wishing to inspect these documents should contact Committee Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

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