

2018/19 Capital Budget

Conservative Proposed Recommendations to County Council

1. Financial Direction of Travel

- 1.1. The value of our assets is £1.300 billion. Each year we need to spend money to ensure these assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements. This investment forms the basis of our capital programme.
- 1.2. The 2017-20 Integrated Capital Strategy (**Appendix A**) sets out how we aim to use our capital resources and deliver our priorities through to 2020. Through the growth in the taxbase we will support an enhanced programme of investment in Warwickshire's future. The Strategy has been updated in 2018 to reflect new external requirements in its content.
- 1.3. We have put in place a benefit-driven, strategic approach to determining our capital investment priorities, ensuring our scarce resources are used in the most effective way. We expect all proposals to be subject to a robust scrutiny process prior to approval to ensure widespread support for the resulting investment programme.
- 1.4. We will use our capital resources to invest in the core infrastructure of the area. In particular, in the next two years we will:
 - Continue to operate the Warwickshire Capital Investment Fund. The Fund provides investment in development and infrastructure activity to support the long-term growth of Warwickshire's economy and create job opportunities in our local communities. It provides funding opportunities to revitalise our urban town centres, including provision of matched funding where possible and providing repayable loans to developers to accelerate key housing and employment sites.
 - Invest £0.330 million to keep SEND pupils local by improving facilities in schools.
- 1.5. As part of our work on transforming town centres we will look towards working together with borough and district partners.

- 1.6. We will continue to borrow £20 million a year plus the amount generated from the growth in the taxbase above that needed to fund our revenue proposals and we will continue with the separation of maintenance and investment programmes that has brought benefits in terms of reducing bureaucracy.
- 1.7. We require £3.616 million of the schools capital grant to form a contribution towards the cost of maintenance of the school estate, with the balance to be used to meet the growing demand for school places, alongside contributions from developers.

2. 2018/19 to 2019/20 Capital Programme

- 2.1. Approval is given to a capital programme of £299.494 million. Of this £171.473 million is for 2018/19 and £128.022 million for future years. There is £69.035 million in the Capital Investment Programme that will be allocated to specific schemes, in line with our priorities, as bids are created and considered.
- 2.2. Table 1 shows the breakdown of the programme across Business Units, with the full detail of the capital programme attached at **Appendix B**.

Table 1: Capital Programme: Summary by Service				
Service	2018/19	2019/20	2020/21 and later years	Total
	£'000	£'000	£'000	£'000
Community Services	393	300	0	693
Education and Learning	17,085	40,015	4,260	61,360
Fire and Rescue	6,992	2,027	0	9,019
Transport and Economy	57,330	47,146	925	105,401
Children and Families	120	120	30	270
Public Health	24	0	0	24
Social Care and Support	2,300	1,000	0	3,300
Strategic Commissioning	1,507	0	0	1,507
Customer Services	509	0	1,670	2,179
Information Assets	10,263	8,398	4,579	23,240
Property Services	13,415	8,878	1,173	23,466
Total Allocations	109,938	107,885	12,637	230,459
Capital Investment Programme	61,535	7,500	0	69,035
Total Programme	171,473	115,385	12,637	299,494

3. Financing the Capital Programme

- 3.1. The capital programme will be financed by a mixture of capital grants, capital receipts, revenue and self-financed and corporate borrowing. A deduction will be made from services revenue budgets for self-financed projects funded from borrowing. Table 2 provides a breakdown of the financing of the capital programme between years.

Table 2: Financing the Capital Programme: Summary by Year				
	2018/19	2019/20	2020/21 and later years	Total
	£'000	£'000	£'000	£'000
Capital Grants and Contributions	46,048	73,190	3,149	122,387
Capital Receipts	41,142	23,096	8,285	72,523
Revenue	657	193	208	1,058
Self-financed borrowing	5,172	1,630	995	7,797
Corporate borrowing	78,453	17,276	0	95,728
Total Financing	171,473	115,385	12,637	299,494

Note: The corporate borrowing figure is greater in 2018/19 as it includes the funding of capital spend financed by borrowing that was originally planned for earlier years.

- 3.2. We recognise that the expansion of our investment programme will result in additional borrowing costs and we have made full provision for this within our revenue budget resolution. Our modelling of future debt levels leaves the Council with significant headroom against its Operational Boundary and Affordable Limit, two of the key indicators within the Prudential Framework. Our approach of determining borrowing affordability from the position of ongoing revenue resource availability ensures that we will not commit the Council to future costs it cannot afford.

4. Prudential Guidelines and Limits

- 4.1. Approval is given to an Affordable Borrowing Limit and other Prudential Indicators consistent with the capital programme for 2018/19 and the subsequent years as detailed in **Appendix C**.

5. Head of Finance's Statement

- 5.1. The following statement from the Head of Finance is noted:

"The Local Government Act 2003 requires me as "Chief Finance Officer" to report on the robustness of the estimates made for the purposes of the budget

calculations. In overall terms I am of the view that this capital programme has been prepared on realistic assumptions about risk and affordability and that it represents a robust and deliverable programme.”

6. Delegations

- 6.1. That the Council reconfirms the delegated powers to the Leader as follows:
- That the Leader or person(s) or body nominated by her are authorised to:
 - Agree any increases or reductions in capital starts/payments totals as part of the capital review process.
 - Approve the addition to the capital programme of projects costing less than £2 million, which are fully funded from external grants, developer contributions or from revenue.
 - Approve individual projects within the allocations made by Council
- 6.2. In addition the Strategic Director for Resources and Head of Finance are authorised to vire capital projects between Services where such virements are as a direct consequence of a restructuring within the County Council.
- 6.3. The Strategic Director for Resources and Head of Finance, in consultation with the Leader, are authorised to reverse allocations made as part of this budget process where the investment does not progress.

7. Budget Management

- 7.1. The Joint Managing Director (Resources) is directly responsible for the implementation of the capital programme.
- 7.2. The Joint Managing Director (Resources) is instructed to remind all Joint Managing Directors, Strategic Directors, the Chief Fire Officer and Heads of Service that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of each Service's work to secure value for money.
- 7.3. The carry forward regime to review whether all uncommitted capital spend at the end of the financial year is still a priority will continue. Any funding released through this process will be used to enhance the Capital Investment Programme.
- 7.4. All member bodies, members and officers are instructed to comply with the prescriptive legal duties placed upon the Council. The Joint Managing Directors, Strategic Directors, the Chief Fire Officer and Heads of Service are

instructed to ensure that the implementation of policies complies with legal requirements.

- 7.5. Authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget, subject to compliance with Contract Standing Orders, Financial Regulations and the key decision regime for individual approvals.
- 7.6. The Joint Managing Directors, Strategic Directors, the Chief Fire Officer and Heads of Service, in the following circumstances and with approval from the Head of Finance, are given authority to let contracts where the tender price would cause the project to exceed its approved budget:
- If the project is and remains fully funded from external sources; and
 - If all funding is ringfenced to that specific project by a third party
- 7.7. That, with the exception of the circumstances outlined in 7.6, the Council reconfirms the requirement for Strategic Directors, the Chief Fire Officer and Heads of Service to seek Member approval to proceed with a project if, at the tender stage or any subsequent decision point, the contract price would cause the project to exceed its approved budget by more than tolerances in Financial Regulations prior to committing the Council to proceed with the project. In any event, any increase in the expected project cost should be reported to Members as soon as possible via the quarterly One Organisation Plan Progress Report.
- 7.8. Strategic Directors, the Chief Fire Officer and Heads of Service, with approval from the Head of Finance, are given approval to use capital receipts to fund replacement assets:
- Where the receipt is less than £100,000; and
 - Where the receipt is generated from the sale of vehicles, plant, equipment or software; and
 - Where the replacement asset provides the same service as the item sold; and
 - Where the remaining cost of the replacement asset is fully funded from self-financed borrowing, revenue contributions or third party funding that is ringfenced to that specific asset by a third party
- 7.9. In any event, capital expenditure on the replacement asset should be reported to Members as soon as possible via the quarterly One Organisation Plan Progress Report.

8. Managing the Maintenance Programme

- 8.1. Each maintenance allocation will be monitored and reported to Members at the level approved in the Medium Term Financial Plan (MTFP) and Integrated Capital Strategy. Detailed budget management within those allocations will be delegated to the responsible Head of Service, in line with the agreed criteria and prioritisation approved by Council in the MTFP and Integrated Capital Strategy.
- 8.2. Maintenance allocations may be vired in accordance with the scheme of capital virement to an investment project where that project incorporates elements of work which would otherwise be funded from the maintenance budget. The entire project would be treated as an investment project for approval and reporting purposes.

9. Managing the Investment Programme

- 9.1. Allocations made to Services under the investment programme are for individual and specific projects. Any funding allocations may not be committed until individual projects are approved by Members.
- 9.2. Virements between projects in the investment programme are expected to be rare. Services are expected to manage variations in total project costs with the appropriate approval under Financial Regulations.
- 9.3. Virements can only take place between two existing projects. Any new project will require Member approval, irrespective of whether its proposed funding is taken from an existing allocation.

Integrated Capital Strategy 2017-2020

Introduction

We have over many years invested in assets that have a lasting value, for example land, roads, buildings and large items of equipment and vehicles. Each year we need to spend more money to ensure our assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements.

This Capital Strategy sets out how we aim to use capital resources to achieve our vision “To make Warwickshire the best it can be” and deliver our corporate priorities through to 2020.

It outlines the structure of our capital programme, describes how we determine the content of and finance our capital programme and provides an overview of how our capital programme is managed.

Our Capital Programme

Our capital programme cannot be viewed in isolation. It influences and is influenced by many strategies and plans and forms part of an integrated plan for the organisation that has the delivery of the One Organisational Plan as its key driver. Some of the other plans that link directly to the Capital Strategy are the Strategic Economic Plan, the School Sufficiency Strategy, corporate and service asset management plans and the Treasury Management Strategy.

Our commitment to an integrated approach impacts in how our capital programme is developed and prioritised, with an organisation-wide approach to determining our capital investment priorities, rather than this being determined in relative isolation by individual services. This aims to ensure our scarce resources are used in the most effective way.

Spending is included within the capital programme where we expect it to result in future economic (asset value) or service (asset performance or life) benefits. This covers both purchase of new long-term assets and improvements to existing ones, and is consistent with the approach required in the CIPFA Code of Practice in Local Authority Accounting. Some of our spending allocations are to either purchase or improve an asset belonging to another organisation or individual; in these circumstances, we include the expenditure in the capital programme for budget setting and monitoring processes, but follow the Code of Practice's requirements for accounting treatment to ensure it does not increase the net worth shown on our Balance Sheet. We operate a general de minimis of £6,000 on a project-by-project basis (£3,000 where the spend relates to primary schools or nurseries); expenditure below this level is treated as revenue and not part of the capital programme. Further details of our capitalisation policies can be found in the Accounting Policies section of our Statement of Accounts, published on our website.

There are two broad strands to our capital programme:

- A maintenance programme that ensures our assets continue to be fit for purpose and able to support the delivery of services, and
- An investment programme that creates and develops new assets.

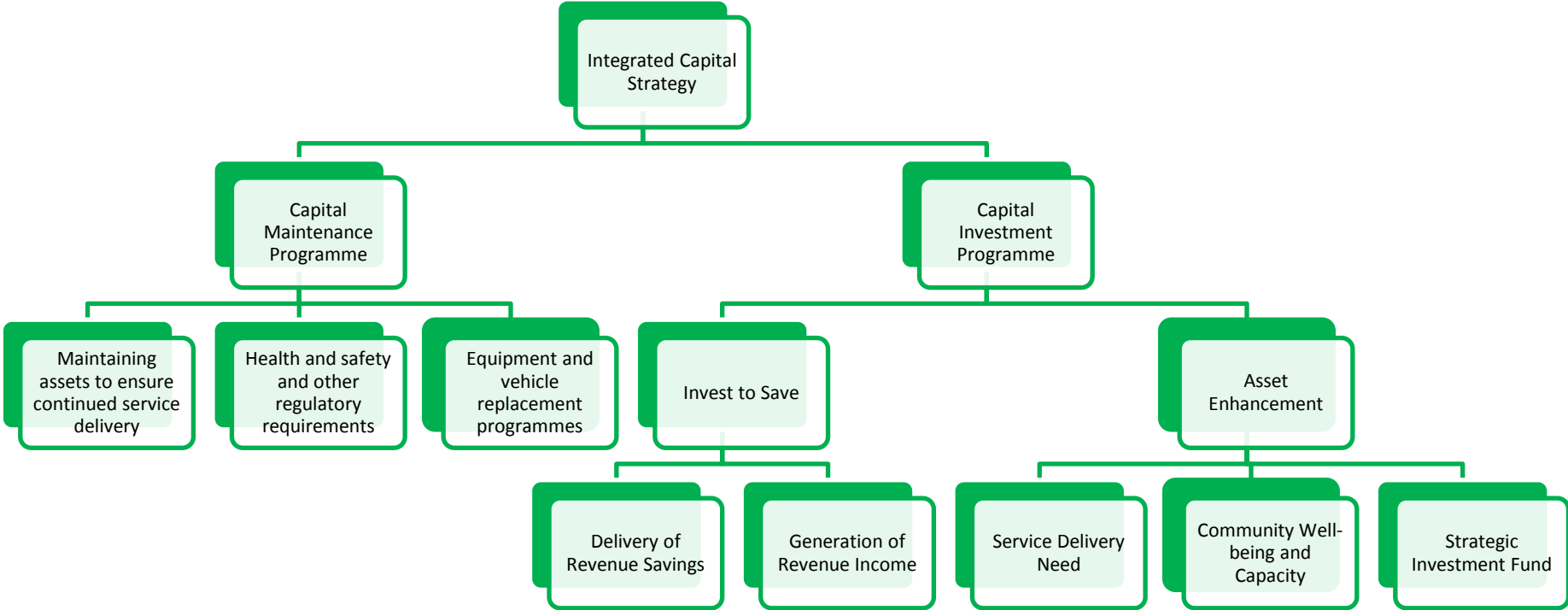
Each programme has a number of strands that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals.

These approaches are underpinned by a number of specific service asset management strategies, including:

- The Asset Management Framework and Property Strategy 2013 – 2018
- The Highways Asset Management Strategy and the Highways Asset Management Policy
- The ICT Devices Strategy
- The Education and Learning Sufficiency Strategy 2016 – 2021

Links to these strategies can be found in [Annex A](#). If any of these strategies are revised during the year as part of our on-going service transformation and redesign programme, any consequent changes to this strategy will be considered at the same time.

The diagram below shows the overall structure of our capital programme.



Maintenance Programme

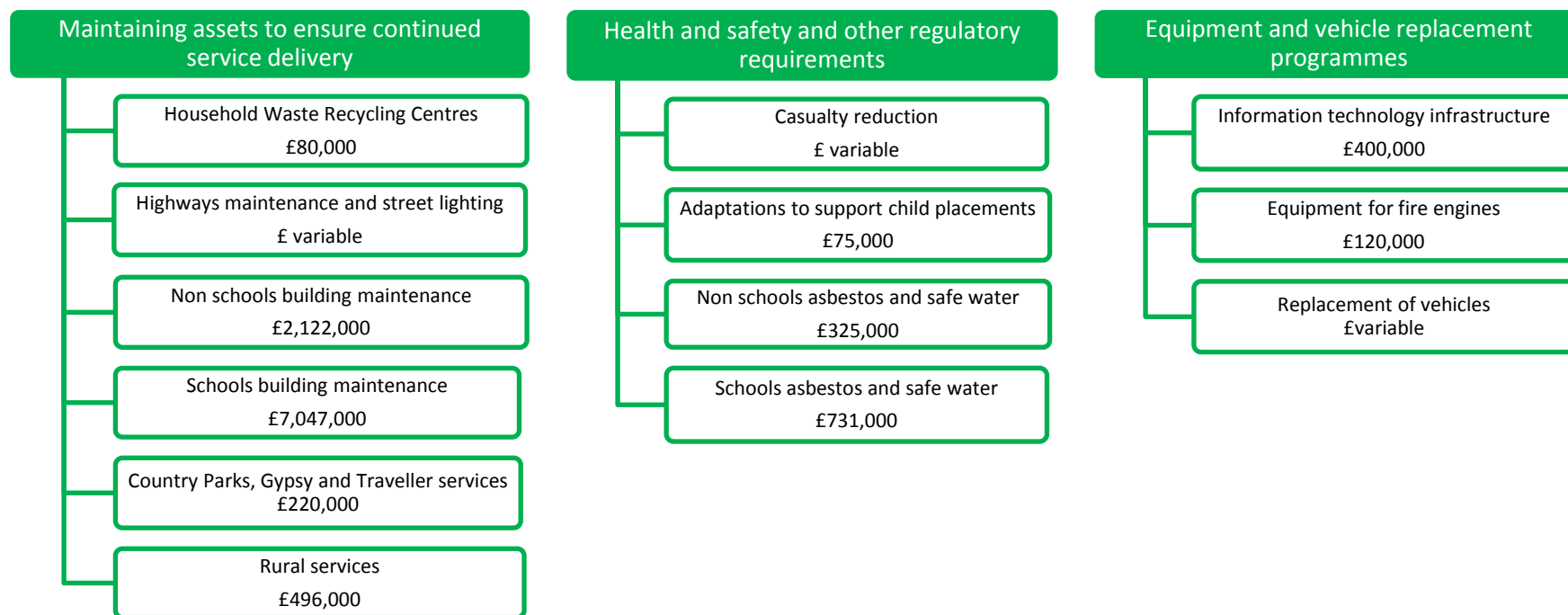
Each year the capital programme includes a number of schemes that relate to the routine maintenance of our asset infrastructure. It represents the level of spending which we have no choice but to incur over the medium term. Each element of the maintenance programme has a fixed annual allocation. This approach allows managers to plan their maintenance programme over the medium term in a structured way that reduces bureaucracy, subject to the agreement of a consistent and transparent methodology for the prioritisation of maintenance spending.

Allocations included in the maintenance programme meet one of the following three criteria:

- Structural maintenance cost of maintaining our assets to ensure services can continue to be delivered
- Statutory health and safety and other regulatory requirements
- Annual cost of equipment and/or vehicle replacement programmes

Our annual maintenance programme is £11.616 million a year (including a £3.616 million allocation from the Government Grant received for schools) plus the grant received from Government for highways maintenance plus revenue funding used for the replacement of vehicles, where this is more cost effective than leasing the vehicle. The split of this annual maintenance allocation between services is shown below.

Annex B summarises the prioritisation methodology that will be used through to 2020 for each of the elements of the rolling maintenance programme.

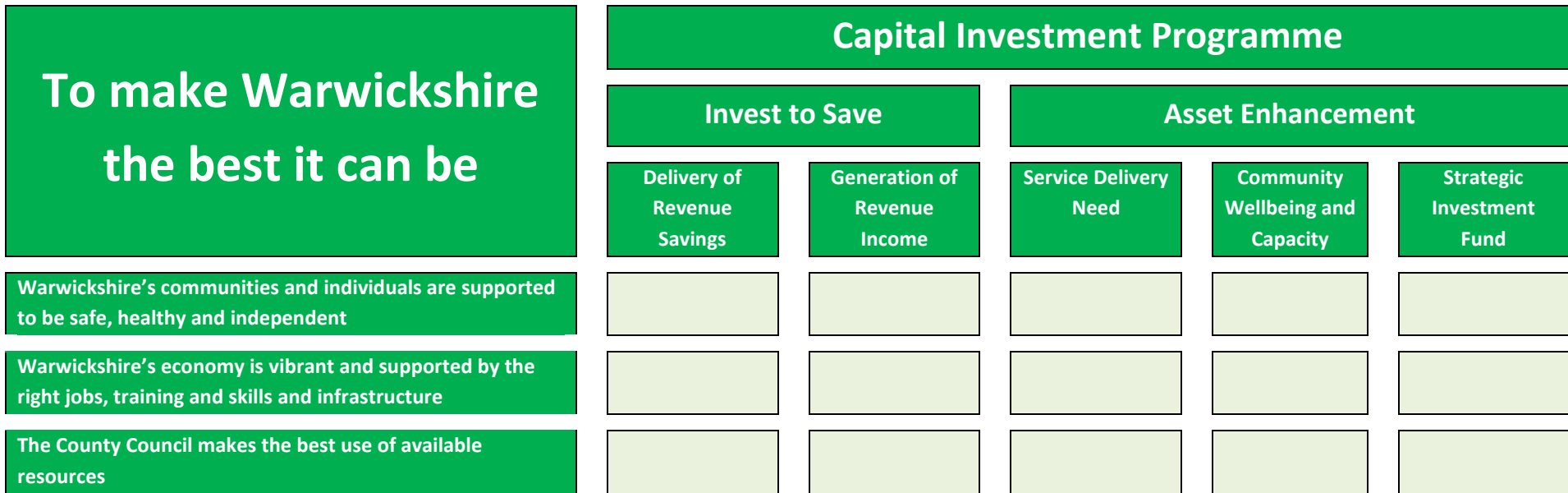


Investment Programme

Any capital spending not included in the maintenance programme automatically forms part of our capital investment programme. Investment schemes are, by their nature, not routine and are only considered if they move the organisation towards the delivery of the corporate outcomes. Allocations in the capital investment programme support the delivery of one of the following outcomes:

- Warwickshire’s communities and individuals are supported to be safe, healthy and independent
- Warwickshire’s economy is vibrant and supported by the right jobs, training and skills and infrastructure
- The County Council makes best use of the available resources

The capital investment programme contributes to the delivery of these outcomes through invest-to-save projects and projects that enhance and grow the assets of the authority. The structure of the capital investment programme is shown below.



We operate a clear and transparent corporate approach to the prioritisation of all capital spending. To ensure widespread support for the investment programme all proposals are subject to an officer scrutiny process prior to being considered by Corporate Board and ultimately by Members. The overarching governance structure is designed to ensure the most effective use of the available resource and organisational capacity required to see capital schemes through to implementation. We operate a two-speed approach for the approval of schemes that enhance assets as a result of additional service delivery need.

We use a fast track approach for schemes costing less than £2 million that are wholly funded from external resources provided for a specific purpose and where there is no, or minimal, discretion over how the funding is used e.g. developer and third party funding. Fast track schemes will be required to provide a brief summary of the infrastructure investment required and how it supports the delivery of the core priorities and outcomes before going to the Leader and/or any such person/body which he/she designates for approval. For vehicles, plant and equipment this approval is delegated to the Head of Finance. Any scheme costing above £2 million requires the approval of full Council.

For all other capital investment schemes, including where we are bidding for external funding, we use a structured evaluation process that assesses:

- What we are trying to achieve for the Warwickshire residents, businesses and visitors by investing in particular assets
- The contribution of the new assets to the delivery of the corporate outcomes
- The financial costs and benefits over the short, medium and long term, and
- The risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling.

The results of this evaluation process are reported to Corporate Board quarterly who consider whether to recommend the scheme to Members for approval. If the total cost of the scheme is less than £2 million this approval is by the Leader, Cabinet or a Portfolio Holder to whom powers have been delegated. Schemes over £2 million require the approval of full Council. A summary of the evaluation criteria and their relative weighting is attached at [Annex C](#).

Our Capital Resources

When assessing the level of planned capital investment to undertake we make a judgement about the level of capital resources that are likely to be available over the period of the programme. Our main capital resources are service specific grants and third party contributions, capital receipts and borrowing.

Our funding strategy for the delivery of the overall capital programme is:

- £20 million new borrowing funded as part of the revenue budget proposals for OOP2020.
- All capital receipts (excluding those from the disposal of schools) are used to repay debt. Exceptions to this policy are only considered when as part of an invest-to-save project such that investing the capital receipt will result in bigger reductions in debt outstanding or greater revenue savings than would have been achieved by simply repaying debt.
- The base level of investment in the school stock is fixed at the level of government capital grant for schools plus receipts generated from the sale of school assets and developer contributions, less a £3.616 million annual contribution to the cost of school maintenance.
- The base level of investment in the maintenance of Warwickshire's highways and street lighting and casualty reduction is fixed at the level of government grant for this purpose.
- The other £8 million of maintenance allocations are funded from the £20 million borrowing and are cash limited.
- The balance of the £20 million borrowing (£12 million a year) is allocated to the Capital Investment Programme. This is supplemented by the level of borrowing that becomes affordable as a result of growth in the council tax taxbase above 0.75% each year that is not needed to balance the revenue budget.

Capital Receipts

Through our approach to asset management planning (see [Annex A](#)), we undertake continuous monitoring and review of the Council's property portfolio seeking to ensure we make best use of the capital value tied up in those assets. When making decisions on the disposal of assets and hence the generation of capital receipts a number of factors are taken into consideration:

- Whether assets are surplus to requirements in the short, medium and long term
- Whether assets are achieving their financial or service delivery performance targets
- The level of any potential financial return
- Any legal obligations
- The impact on corporate policies and the promotion of key strategic policies

All capital receipts, with the exception of school receipts which are reinvested, are used to repay debt, with a consequent reduction in the Council's borrowing costs. Whilst financially there is no difference in the revenue cost to the authority as to whether capital receipts (providing they are used to repay debt) or borrowing are used to fund the capital programme, capital receipts are inherently volatile and the timing of when the money is received is uncertain and unrelated to the timing of any need to incur capital spend. Our approach to the use of capital receipts enables capital spend to be incurred when it is needed rather than being dependent on when a capital receipt comes in.

Borrowing

We are required, by statute, to base our approach to borrowing money to finance capital investment on a set of guiding principles (the Prudential Framework). The framework includes the principles of affordability, prudent funding, efficiency, forward planning, outcomes, sustainability and investment return.

Incurring an additional £20 million borrowing each year is affordable within the OOP2020 financial envelope and is deemed to be the minimum level of borrowing needed over the medium term. The revenue cost of this borrowing and any additional borrowing agreed as part of the 2018/19 budget is felt in two ways; firstly in real interest charges incurred on our loans and secondly in the Minimum Revenue Provision, a notional charge to the revenue budget which spreads the cost of acquiring assets across the years in which the benefits of that expenditure are felt. We estimate that the total revenue cost as a result of past and planned new borrowing from these two charges will be £25.836 million in 2018/19, £31.516 million in 2019/20 and £31.783 million in 2020/21. Provision for these costs is included as part of our 2018/19 budget and medium term financial plan. Further details of anticipated borrowing levels, forecast repayment schedules and the framework within which we make decisions about debt and investments can be found within the Treasury Management Strategy 2018/19 (see Annex A). Our modelling of future debt levels, detailed within the Treasury Management Strategy, leaves the Council with significant headroom against its Operational Boundary and Affordable Limit, two of the key indicators within the Prudential Framework. Our approach of determining borrowing affordability from the position of ongoing revenue resource availability ensures that we will not commit the Council to future costs it cannot afford.

We recognise that significant drivers of additional capital spend exist both in terms of providing additional school places, growing our business rates taxbase and providing the additional infrastructure needed as a result of housing growth. We therefore use the additional revenue resources from growth in the taxbase above the level assumed in the OOP2020 financial plan to operate a Capital Investment Fund. Through this approach we are able to support an expanded capital programme and drive economic growth and activity across the county.

The creation of a Capital Investment Fund requires revenue funding to be set aside to meet the cost of borrowing prior to knowing how the capital resources generated will be used. This approach has the benefit of retaining the ability to bring projects forward for inclusion in the capital programme as

opportunities arise, not just once a year through the budget setting process. It also provides confidence that developing positive and innovative schemes to support the delivery of the Council's core outcomes are affordable. We are committed to reviewing the level of the Capital Investment Fund on an annual basis to ensure it remains affordable. Any in-year underspend in the Capital Investment Fund will be used to supplement of investment in IT projects and the digital agenda and to commission specific projects designed to deliver a step change in delivering the OOP2020 Outcomes.

Management of the Capital Programme

The key risks to the delivery of our capital programme are overspending against the approved budget for a scheme, project/programme slippage where the project is not delivered in accordance within the planned timescales thereby delaying achievement of the expected benefits, and delays in or non-receipt of external contributions towards the cost of the scheme.

We use the following mechanisms to ensure our capital spending and the delivery of this strategy is effectively managed:

- Officers monitor physical progress regularly, usually monthly, and there is a system of exception reporting to senior managers where problems emerge.
- Financial progress is reported quarterly to Corporate Board and Cabinet, highlighting any key issues for Members to consider, including seeking Cabinet approval to any variations to schemes both in terms of the total cost and the phasing of spend across years and the consequent impact on the overall financing of the programme.
- Projects part or wholly funded by external contributions are separately monitored to ensure compliance with any funding conditions applicable.
- Post-contract appraisal is carried out to provide feedback on the success, or otherwise, of the design solution, procurement process and customer satisfaction levels to provide the opportunity for positive learning over time.

Links to Related Documents

Asset Management Strategies

- The [Asset Management Framework and Property Strategy 2013 – 2018](#)
- The [Highways Asset Management Strategy and the Highways Asset Management Policy](#)
- The [ICT Devices Strategy](#)
- The [Education and Learning Sufficiency Strategy 2016 – 2021](#)

Treasury Management and Investment Strategies

- The Treasury Management Strategy 2018/19

Prioritisation of the Annual Maintenance Programme

Household Waste Recycling Centres (HWRC) and Transfer Stations

Prioritisation Methodology

Maintenance will be prioritised as follows:

- a) Health and Safety – for the staff employed to run the site, members of the public using the site and also the District and Borough Councils who use the Transfer stations to facilitate their kerbside collections. Other statutory requirements would also fall under this umbrella.
- b) Efficiency, cost effectiveness, increasing the service offer to the public (new recycling streams etc.)
- c) Effect of maintenance on reputation value of the Council – a clean, tidy site with smart, neat operating staff will encourage higher rates of recycling.

Balance of Planned Maintenance and Emergency Work

The annual plan includes a contingency for emergencies. Regular meetings are held to monitor the plan against actual activity and any move from the plan would be based on the prioritisation criteria above.

Highways Maintenance

Prioritisation Methodology

An asset management approach is used to manage the highway network in order to ensure that the best possible use can be made of the available resources. Central to this is the collection and use of robust network condition data year-on-year, which allows us to model its deteriorating or improving condition. The results allow us to target suitable treatments at the most appropriate locations, maintaining and, where possible, improving the whole network condition. Capital allocations for street lighting are used for the replacement of columns that fail structural testing, installations that need replacing due to untraced third party damage and improvements that fall outside the scope of specific capital allocations made in recent years for a Central Management System and the introduction of LED technology. The allocations for bridge maintenance are used to undertake the minor capital works that are deemed essential. This approach should ensure our bridge stock remains in a safe condition.

External validation of our approach to managing the highway assets is now possible through Department of Transport's 'Incentive Fund' programme, established to promote efficient and effective maintenance practices nationally. Warwickshire is currently assessed as 'Level 2' and working towards achieving the highest 'Level 3' incentive funding.

Planned Versus Emergency Maintenance

All routine, reactive and emergency works required to the highway network are revenue funded, allowing capital to be used for planned programmes of work designed to maintain and improve the asset condition. Bridge maintenance emergency works are funded from capital and tend to be in the form of vehicular damage, flash flooding or vandalism. At the start of the year a contingency sum from the capital allocation will be reserved to cover emergencies based on experience in previous years. This will be released for planned maintenance at the end of the year if a proportion is unused.

Schools and Non-Schools Building Maintenance

Prioritisation Methodology

Condition survey work is carried out across the property stock and classifies building and engineering maintenance items into 4 categories: D (Bad), C (Poor), B (Satisfactory) and A (Good). The categories are then given priorities highlighting recommended timescales for the work to take place: 1 – Urgent Work, 2 – Work required within 2 years, 3 - Work required within 3 to 5 years, 4 – Work outside the 5 year planning period. The priority listing is then further interrogated and validated by using a surveyor intervention check and a property future review with the Facilities Support Managers. The budget available for the particular area of work is then allocated to the priority list and this determines that approximate number of projects that can be carried out.

Balance of Planned Maintenance and Emergency Work

Emergency work that arises means the planned maintenance programme developed from the above methodology is revised in some areas throughout the year.

Country Parks and Greenways, Forestry Services and Gypsy and traveller sites

Prioritisation Methodology

Maintenance will be prioritised as follows:

- a) Health and Safety – in particular the duty of care under Occupiers' Liability. This also reduces claims against the Council.
- b) Maintaining the visitor welcome, and in particular parking infrastructure (to maintain income) and replacement play equipment, fishery development, and visitor enhancements (to increase income).
- c) Schemes that lever out match funding

Balance of Planned Maintenance and Emergency Work

Emergency work that arises is funded from revenue where there is capacity to deliver this. However, if the cost cannot be accommodated within a tightly controlled revenue budget the planned maintenance programme developed from the above methodology is revised.

Rural Services

Prioritisation Methodology

All properties are on a rolling five year rotation for condition surveys, asbestos inspections are carried out every 2 years and water hygiene inspections every four years and all properties have Energy Performance Certificate ratings. Work will be prioritised by identifying high category items from the latest surveys/inspections. The level of risk / consequences to the tenant's business (and hence the Council's rental income) is also taken into account as part of the prioritisation process.

- Priority items, identified from condition surveys as D1s (urgent) will be dealt with immediately. Prioritisation is then given to D2s (bad - items identified as needing to be addressed within 2 years) followed by C2s (poor - to be addressed within 2 years) and C3s (poor - to be addressed within 3-5 years).
- Items that have been recommended to be removed due to potential health risks on asbestos reports are programmed as the service becomes aware of them to reduce the Council's liability.
- Properties that do not meet Minimum Energy Efficiency Standards are prioritised based on when they are due to be re-let where they do not score the minimum rating of 'E'. All properties are required to meet minimum standards by 1 April 2023.

Balance of Planned Maintenance and Emergency Work

The first call for emergency maintenance is a revenue maintenance budget of £145,000. Having a capital maintenance budget to address planned maintenance has resulted in not having to put planned maintenance on hold when emergencies arise that cannot be accommodated within the revenue budget.

Assistance towards suitable placements for Children Looked After (CLA) and those who leave care through adoption and special guardianship

Prioritisation Methodology

Applications are invited from foster carers and prospective adopters and special guardians who are approved or judged to be able to provide the necessary care to the child. The social worker needs to be satisfied and be able to demonstrate that a real need for financial support exists and will either result in long term opportunities for additional placements or is required to ensure stability and permanence of a current placement for a child looked after. There is an application process, endorsed by the relevant operations manager, which is considered by a panel including a finance representative. The decision to award the grant is made at Service Manager level within the Business Unit.

Balance of Planned Maintenance and Emergency Work

All planned Grants will be approved through the panel as described above who meet on a quarterly basis. In emergencies, the panel can convene to assess individual cases, to meet the timescales required.

Schools and Non-schools asbestos and safe water

Prioritisation Methodology

Asbestos

The prioritisation of asbestos remedial work is set out in the HSE Guidance 'The Surveyors Guide – HSG 264'. This document provides a prioritised scoring matrix for each occurrence of asbestos and allocates a condition rating of D (Bad), C (Poor), B (Satisfactory) or A (Good). Each property is resurveyed a minimum of once every 2 years. The asbestos is scored based on the type, condition and quantity; this is called the Material Assessment. The Material Assessment is then further weighted by applying a score to elements such as location, type of location and potential number of people exposed; this is called the Prioritisation Assessment. Following completion of both of these assessments, a score is allocated to each occurrence of asbestos – the higher the score, the higher the risk and therefore the higher the prioritisation.

Water Hygiene

All properties are surveyed every two or four years, dependant on property risk type. The Water Hygiene risk assessments are reported with all remedial works banded into categories indicating, High, Medium or Low risk. This data is then input into a weighting system which allocates a weighting per item, along with a weighting for type of property, occupation density etc. The result of the methodology ranks the properties into order of the highest risk difference score that could be obtained by carrying out the remedial works and all works are carried out in this priority order.

However, emergency work can arise; resulting in a situation where the plan identified in the Asbestos Prioritised Remedial Work Plan and the Water Hygiene Risk Register developed from the above methodologies is revised in some areas throughout the year.

Balance of Planned Maintenance and Emergency Work

Emergencies throughout the year will be dealt with in two ways;

- The budget allocation for works is reduced at year start to leave a small central contingency fund in the budget. This is reallocated at an appropriate time during the year.
- The projects carried out are staggered throughout the year. If an emergency arises, the necessary funds are diverted from a planned scheme and allocated to the emergency. This will result in a planned project potentially being eliminated from the list in year.

ICT Network Infrastructure

Prioritisation Methodology

Investment is prioritised based on the need for additional facilities/capacity and the life expectancy of equipment, in terms of how long it can be used for until an unacceptable failure rate is likely to occur. The level of failure rate accepted will depend on factors such as criticality of the service and resilience and support arrangements in place.

Balance of Planned Maintenance and Emergency Work

The rolling programme of investing in the maintenance of the IT infrastructure will significantly reduce the need for emergency purchases due to the regular monitoring of the equipment. However, in the event that an emergency procurement needs to be made we would adjust the planned programme, looking to extend the life of less critical equipment.

Equipment for Fire Engines

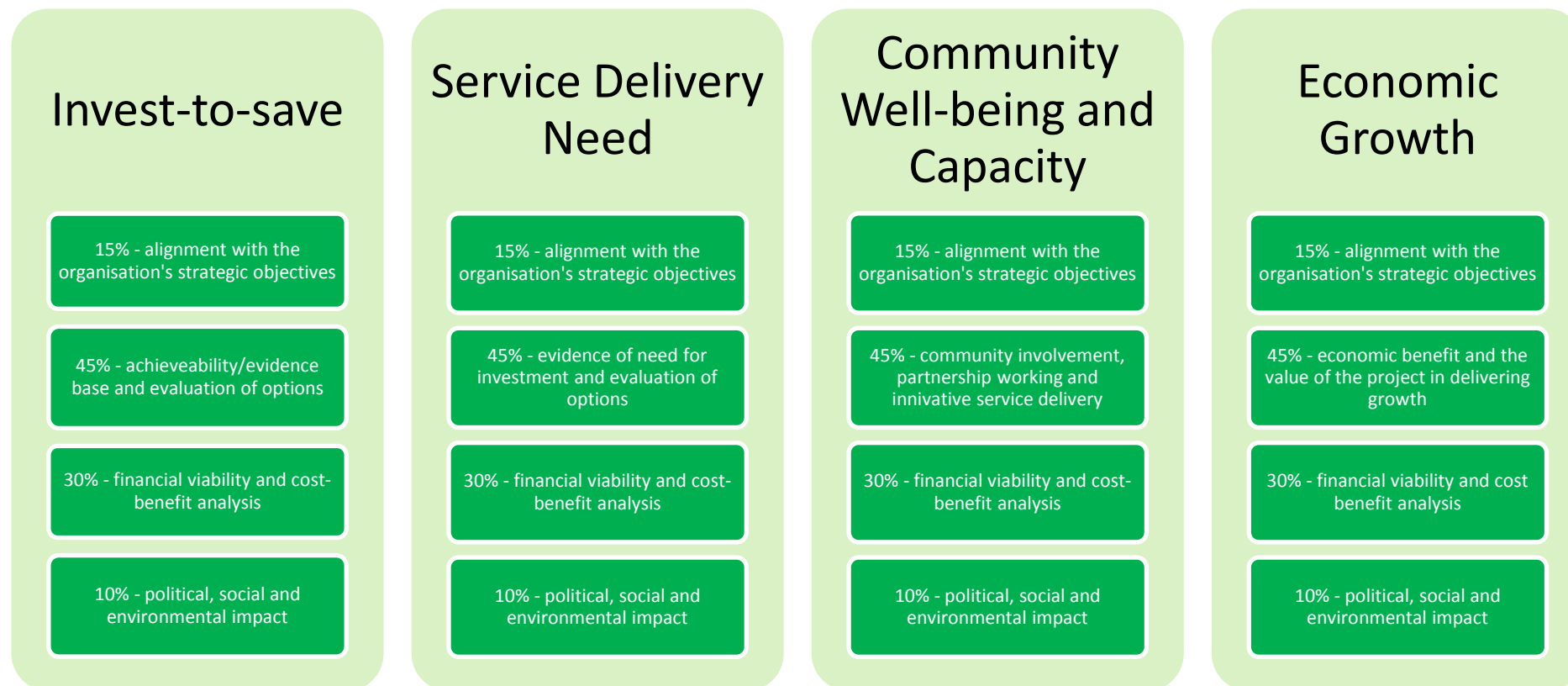
Prioritisation Methodology

Spending is prioritised through an approved fleet replacement programme produced by consultation with manufacturer's recommendations and the Council's fleet management team.

Balance of Planned Maintenance and Emergency Work

The Fire and Rescue Service has stores which hold at least enough equipment to immediately restock a spare fire engine in the event that a front line vehicle should be lost along with its entire inventory. This is our emergency reserve which is maintained as part of the rolling capital replacement programme.

Summary of Capital Investment Programme Scheme Evaluation Criteria



These high-level criteria are supplemented by more detailed evaluation criteria designed for each strand of the investment programme to ensure a consistent and transparent approach. Once the strategy has been approved these more detailed criteria will be brought forward to Cabinet for approval.

2018-20 Capital Programme by Business Unit

Programme	Category	Scheme Title	Earlier Years £'000	2018/19 £'000	2019/20 £'000	2020/21 and Later Years £'000	Total £ 000's
		Community Services					
Maintenance	Maintenance	Household Waste Recycling Centre maintenance	0	80	80	0	160
Maintenance	Maintenance	Country Parks, Gypsy and Travellers services maintenance	1,599	257	220	0	2,076
Investment	Community Well-Being	Leamington to Rugby Disused Railway Line	73	27	0	0	100
Investment	Invest to save	County Records Office Service - Digital Asset Management	95	6	0	0	101
Investment	Community Well-Being	Development of Emergency Stopping Places	50	23	0	0	73
		Total Community Services	1,817	393	300	0	2,510
		Education and Learning					
Investment	Service Need	Minor Works	0	300	0	0	300
Investment	Service Need	DDA Blockheader	0	400	0	0	400
Investment	Service Need	High Meadow Infant School - new classrooms, group rooms and toilets	10	240	1,400	0	1,650
Investment	Service Need	Weddington Nursery Provision - demolition and new build	10	378	0	0	388
Investment	Service Need	Long Lawford Primary permanent expansion	541	2,499	0	0	3,040
Investment	Service Need	The Ferncumbe Primary School	120	30	0	0	150
Investment	Service Need	Newdigate Primary School Bedworth	120	30	0	0	150
Investment	Service Need	The Ferncumbe Primary School	40	360	0	0	400
Investment	Service Need	Welford on Avon Primary School	150	1,350	0	0	1,500
Investment	Service Need	Acorns Primary School, Long Compton - new temporary classroom	45	215	0	0	260
Investment	Service Need	Newdigate Primary School - Expansion and internal referb	10	290	700	0	1,000
Investment	Service Need	Wellesbourne Primary School - new small hall and servery to the annex site	10	190	700	0	900
Investment	Service Need	Michael Drayton Primary - Expansion	20	480	1,000	0	1,500
Investment	Service Need	New School, The Gateway, Rugby	21	29	1,100	2,000	3,150
Investment	Service Need	Water Orton Primary School (re HS2 Conditional)	143	5,358	0	0	5,500
Investment	Service Need	Eastlands Primary Temporary Classroom	102	20	20	60	202
Investment	Service Need	Long Lawford temporary arrangements	4	80	0	0	84
Investment	Service Need	Race Leys Infant School demolish classroom and extend playground	50	1	0	0	51
Investment	Service Need	Campion Phase 1 (incl Sports Hall refurb)	50	250	5,000	2,200	7,500
Investment	Service Need	Bilton School Refocus Unit - Expansion and refurbishment	10	244	0	0	254
Investment	Service Need	Welcombe Hills vehicle access alterations	8	442	0	0	450
Investment	Service Need	Paddox Primary SISG	10	290	0	0	300
Investment	Service Need	Arden Fields Academy - creation of additional facilities	0	66	0	0	66

2018-20 Capital Programme by Business Unit

Programme	Category	Scheme Title	Earlier Years £'000	2018/19 £'000	2019/20 £'000	2020/21 and Later Years £'000	Total £ 000's
Investment	Service Need	Specialist Nurture Provision at Special School	0	200	0	0	200
Investment	Service Need	Oakwood Special School - Conversion of music room to specialist teaching room	0	60	0	0	60
Investment	Service Need	Ridgeway School - Reconfiguration of classrooms	0	100	25	0	125
Investment	Service Need	Round Oak School - Reconfiguration of classrooms	0	100	25	0	125
Investment	Service Need	Keeping SEND pupils local	0	200	130	0	330
Investment	Service Need	Education Capital - Unallocated	0	2,883	29,915	0	32,798
		Total Education and Learning	1,474	17,085	40,015	4,260	62,833
		Fire and Rescue					
Maintenance	Service Need	Equipment for new fire appliances	103	183	120	0	405
Investment	Service Need	Fire & Rescue HQ Leamington Spa	0	402	1,907	0	2,309
Investment	Service Need	Training centre - new build	1,993	5,885	0	0	7,878
Investment	Service Need	WFRS Water Training Facility	0	500	0	0	500
Investment	Service Need	Warwickshire fire control provision	817	22	0	0	839
		Total Fire and Rescue	2,913	6,992	2,027	0	11,931
		Transport and Economy					
Maintenance	Maintenance	Highways maintenance	0	12,708	12,708	0	25,416
Investment	Community Well-Being	Area delegated funding	4,702	5,066	2,000	0	11,768
Investment	Income generation	Centenary Business Centre Phase 3	1,883	7	0	0	1,890
Investment	Economic Growth	Nuneaton and Bedworth Town Centre - Queens Road West improvements	616	104	0	0	720
Investment	Economic Growth	Business loans and grants	1,587	500	0	0	2,088
Investment	Economic Growth	Transforming Nuneaton	0	500	7,055	0	7,555
Investment	Economic Growth	Duplex Fund	0	480	600	920	2,000
Investment	Economic Growth	Small Business Grants	0	300	0	0	300
Investment	Community Well-Being	Snitterfield flood alleviation	2,792	70	0	0	2,863
Investment	Community Well-Being	Ladbroke flood alleviation	45	21	0	0	66
Investment	Economic Growth	Flood modelling, Nuneaton	60	21	0	0	81
Investment	Community Well-Being	Kites Hardwick flood alleviation	52	8	0	0	60
Investment	Community Well-Being	Cherrington Flood Risk Management Scheme	19	46	0	0	65
Investment	Community Well-Being	Casualty reduction schemes	313	570	350	0	1,234
Investment	Community Well-Being	Warwick, Myton Road cycle link (Myton and Warwick School)	27	123	0	0	150
Investment	Income generation	Stratford Park and ride site alterations	85	15	0	0	100

2018-20 Capital Programme by Business Unit

Programme	Category	Scheme Title	Earlier Years £'000	2018/19 £'000	2019/20 £'000	2020/21 and Later Years £'000	Total £ 000's
Investment	Economic Growth	Stratford Town Station Upgrade	127	110	0	0	237
Investment	Invest to save	Home to school routes	41	1,868	0	0	1,909
Investment	Invest to save	School safety zones	2,113	1,073	500	0	3,686
Investment	Economic Growth	Rugby Western Relief Road	59,455	291	0	0	59,746
Investment	Economic Growth	Stratford-upon-Avon Local Sustainable Transport Project	5,562	34	0	0	5,596
Investment	Economic Growth	M40 Junction 12	11,572	500	0	0	12,072
Investment	Economic Growth	Rugby Gyratory Improvements	1,553	59	0	0	1,612
Investment	Economic Growth	Bermuda Connectivity	1,433	2,269	0	0	3,702
Investment	Economic Growth	A444 Coton Arches, Nuneaton	568	3,052	100	0	3,720
Investment	Economic Growth	A46 Stanks Island, Warwick	857	5,143	0	0	6,000
Investment	Economic Growth	A444 Corridor Improvements - Phase 2	0	4,270	0	0	4,270
Investment	Economic Growth	A3400 Bham Road Stratford Corridor Improvements	160	1,250	2,090	0	3,500
Investment	Invest to save	Pump Priming allocation for LED street lighting	2,234	1,000	1,000	0	4,234
Investment	Service Need	Portobello Bridge	527	67	1,461	5	2,060
Maintenance	Maintenance	Minor Bridge Maintenance Schemes	1,908	211	0	0	2,119
		Developer Funded					
Investment	Economic Growth	Clifton on Dunsmore Traffic Calming S106	49	271	0	0	320
Investment	Economic Growth	Bus Stop Enhancement Works In Alderminster	7	15	0	0	21
Investment	Economic Growth	Install CCTV on Emscote Road Warwick	0	9	0	0	9
Investment	Economic Growth	Install MOVA operation on traffic signal junctions Emscote Road Warwick	0	75	0	0	75
Investment	Economic Growth	Install Variable Message Signs A444	0	82	0	0	82
Investment	Economic Growth	Install Traffic Signals junction Colliery lane / Back Lane Exhall	0	45	0	0	45
Investment	Economic Growth	Rights of Way Scheme at Long Shoot Development Nuneaton	0	6	0	0	6
Investment	Economic Growth	Weddington Road, Nuneaton - Implement toucan crossing	0	68	0	0	68
Investment	Economic Growth	2 Bus shelters at bus stops on Narrow Hall Meadow near GP Surgery Chase Meadow	0	20	0	0	20
Investment	Economic Growth	Birmingham Road - Cycle route enhancements	11	6	0	0	16
Investment	Economic Growth	Leamington, Junction Alterations at Former Potterton Works	4	396	0	0	401
Investment	Economic Growth	Rugby, Hunters Lane - through route New Technology Drive to Newbold Road	58	332	0	0	391
Investment	Economic Growth	Blackhorse Road - Upgrade traffic signals	137	11	0	0	148
Investment	Economic Growth	New Roundabout on the A444 Weddington Road, Nuneaton	721	150	0	0	871
Investment	Economic Growth	B4113 Gipsy Lane Junction	5	199	0	0	204
Investment	Economic Growth	Ansty Business Park Phase 3	1,519	1,034	0	0	2,553
Investment	Economic Growth	A426 / A4071 Avon Mill Roundabout Rugby improvement scheme	344	0	273	0	617
Investment	Economic Growth	A426 Gateway Rugby to Rugby Town Centre cycle scheme	33	115	109	0	257

2018-20 Capital Programme by Business Unit

Programme	Category	Scheme Title	Earlier Years £'000	2018/19 £'000	2019/20 £'000	2020/21 and Later Years £'000	Total £ 000's
Investment	Economic Growth	B4632 Campden Road / C47 Station Road	570	80	0	0	650
Investment	Economic Growth	C204 Birmingham Road, Alcester - new right turn land outside Alcester Grammar	0	500	0	0	500
Investment	Economic Growth	A47 The Long Shoot, Nuneaton	300	300	0	0	600
Investment	Economic Growth	A428 Lawford Road, Rugby	0	450	0	0	450
Investment	Economic Growth	D3108 Back Lane Long Lawford Traffic Signals & Junction Improvements	650	200	0	0	850
Investment	Economic Growth	B4642 Coventry Road, Cawston - new right turn lane	1	150	0	0	151
Investment	Economic Growth	D1643 Park Road, Bedworth - new car park egress	1	200	0	0	201
Investment	Economic Growth	A47 Long Shoot - relocation of a refuge island	7	75	0	0	82
Investment	Economic Growth	Warwick Town Centre	250	300	0	0	550
Investment	Economic Growth	A3400 Banbury Road / Tiddington Road, Stratford upon Avon.	500	500	0	0	1,000
Investment	Economic Growth	C98 Loxley Road, Tiddington	150	500	0	0	650
Investment	Economic Growth	A452 Europa Way (Lower Heathcote Farm), Warwick	1,000	1,800	0	0	2,800
Investment	Economic Growth	Butlers Leap Link Road, Rugby	700	2,000	0	0	2,700
Investment	Economic Growth	Shottery Link Road, Stratford-upon-Avon	750	750	0	0	1,500
Investment	Economic Growth	B4451 Station Road Bishops Itchington Ghost Island Right Turn Lane	0	500	0	0	500
Investment	Economic Growth	A452 Europa Way / Olympus Avenue Traffic Signal Controlled Junction	4	3,500	0	0	3,504
Investment	Economic Growth	B439 Salford Road Bidford - Access And Puffin Crossing	0	150	0	0	150
Investment	Economic Growth	A446 Lichfield Road, Coleshill - Highway improvements	0	150	0	0	150
Investment	Economic Growth	C104 Milcote Rd, Welford On Avon - Highway improvements	0	200	0	0	200
Investment	Economic Growth	A47 The Long Shoot (Callendar Farm) - highway alterations	0	150	0	0	150
Investment	Economic Growth	C12 Plough Hill Road , Galley Common - installation of puffin crossing and associated footway works	0	300	0	0	300
Investment	Economic Growth	A452 Myton Road and Shire Park roundabouts	0	0	3,800	0	3,800
Investment	Economic Growth	A452 Europa South of Olympus Avenue to Heathcote Lane roundabout	0	0	7,500	0	7,500
Investment	Economic Growth	A452 M40 spur west of Banbury Road	0	0	7,600	0	7,600
		Total Transport and Economy	108,062	57,330	47,146	925	213,463

2018-20 Capital Programme by Business Unit

Programme	Category	Scheme Title	Earlier Years £'000	2018/19 £'000	2019/20 £'000	2020/21 and Later Years £'000	Total £ 000's
		Children and Families					
Maintenance	Service Need	Children and Families property adaptations, purchases and vehicles	131	120	120	30	401
		Total Children and Families	131	120	120	30	401
		Public Health					
Investment	Community Well-Being	Urban mile markers	0	24	0	0	24
		Total Public Health	0	24	0	0	24
		Social Care and Support					
Investment	Invest to save	Common assessment formula - social care IT development	50	300	0	0	350
Investment	Invest to save	Extra-care housing and accommodation with care	0	2,000	1,000	0	3,000
		Total Social Care and Support	50	2,300	1,000	0	3,350
		Strategic Commissioning					
Investment	Service Need	Mental health grant	160	56	0	0	216
Investment	Service Need	Adult social care modernisation and capacity	101	896	0	0	997
Investment	Service Need	Client Information Systems Review	3,639	555	0	0	4,194
		Total Strategic Commissioning	3,900	1,507	0	0	5,407
		Customer Services					
Investment	Service Need	One-Stop Shops Expansion Programme	182	0	0	21	203
Investment	Service Need	Improving the Customer Experience/One Front Door Improvements	511	509	0	1,600	2,620
Investment	Community Well-Being	Community information hubs	59	0	0	50	109
		Total Customer Services	752	509	0	1,670	2,931
		Information Assets					
Investment	Service Need	WCC Information Assets Purchases	678	548	521	0	1,746
Investment	Economic Growth	Development of Rural Broadband	14,998	9,715	7,878	4,579	37,170
		Total Information Assets	15,676	10,263	8,398	4,579	38,916

2018-20 Capital Programme by Business Unit

Programme	Category	Scheme Title	Earlier Years £'000	2018/19 £'000	2019/20 £'000	2020/21 and Later Years £'000	Total £ 000's
		Property Services					
Maintenance	Maintenance	Non-schools asbestos and safe water remedials	0	325	325	0	650
Maintenance	Maintenance	Non-schools - planned building, mechanical and electrical backlog	0	2,122	2,122	0	4,244
Maintenance	Maintenance	Schools asbestos and safe water remedials	0	731	731	0	1,462
Maintenance	Maintenance	Schools planned building, mechanical and electrical backlog	0	3,431	3,431	0	6,862
Maintenance	Maintenance	Rural services capital maintenance	0	496	496	0	992
Investment	Income generation	Refurbishment of Old Shire Hall	986	700	0	0	1,686
Investment	Income generation	Planning Consent For Europa Way	631	20	0	0	651
Investment	Income generation	Strategic site planning applications	1,288	340	143	178	1,949
Investment	Income generation	Planning consent re the disposal of Dunchurch depot	40	40	0	0	80
Investment	Invest to save	Rationalisation of county storage	2,828	1,572	0	0	4,400
Investment	Invest to save	Dunsmore Home Farm, Clifton on Dunsmore - Ground Mounted Solar	0	3,600	1,630	0	5,230
Investment	Invest to save	Various properties - renewable energy	240	0	0	995	1,235
Investment	Service Need	Small scale reactive / minor improvements county-wide	453	38	0	0	491
		Total Physical Assets	6,466	13,415	8,878	1,173	29,932
		Capital Investment Programme					
		Capital Investment Programme - existing	0	38,535	7,500	0	46,035
		Capital Investment Programme - new	0	23,000	0	0	23,000
		Total Capital Investment Programme	0	61,535	7,500	0	69,035
		TOTAL CAPITAL PROGRAMME	141,240	171,473	115,385	12,637	440,734

Prudential Indicators

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
(1) AFFORDABILITY PRUDENTIAL INDICATORS					
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	83,606	97,112	171,473	115,385	12,637
	%	%	%	%	%
Ratio of financing costs to net revenue stream	8.78	7.10	7.09	7.73	7.55
	£'000	£'000	£'000	£'000	£'000
Gross borrowing requirement					
Gross Debt	363,424	362,274	362,274	352,274	332,274
Capital Financing Requirement as at 31 March	316,694	322,953	393,952	397,291	382,586
Under/(Over) Borrowing	(46,730)	(39,321)	31,678	45,017	50,312
	£'000	£'000	£'000	£'000	£'000
In year Capital Financing Requirement	(2,668)	6,259	70,999	3,339	(14,705)
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement as at 31 March	316,694	322,953	393,952	397,291	382,586
PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
(2) TREASURY MANAGEMENT PRUDENTIAL INDICATORS					
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised limit for external debt -					
Borrowing	497,346	549,049	516,818	532,824	527,178
Other long term liabilities	12,000	12,000	12,000	12,000	12,000
TOTAL	509,346	561,049	528,818	544,824	539,178
	£'000	£'000	£'000	£'000	£'000
Operational boundary for external debt -					
Borrowing	414,455	457,540	430,681	444,020	439,315
Other long term liabilities	10,000	10,000	10,000	10,000	10,000
TOTAL	424,455	467,540	440,681	454,020	449,315
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	25%	25%	25%	25%	25%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£	£	£	£	£
	0%	0%	0%	0%	0%

Maturity structure of new fixed rate borrowing during year	upper limit	lower limit
under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%