

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Resources, Performance and Development Overview and Scrutiny Committee

**Date of Committee** 04 September 2007

**Report Title** Draft Capital Strategy

**Summary** The Committee is asked to approve the draft Capital Strategy that accompanies this report.

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**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** Details to be specified

- Other Committees  .....
- Local Member(s)  .....
- Other Elected Members  Cllr Booth, Cllr Atkinson, Cllr Haynes "Noted for discussion by members".
- Cabinet Member  Cllr Cockburn – for information
- Chief Executive  .....
- Legal  Sarah Duxbury – comments incorporated
- Finance  Dave Clarke - reporting officer
- Other Chief Officers  Strategic Directors will consider the draft strategy at their meeting on 5 September 2007
- District Councils  .....
- Health Authority  .....
- Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION No**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  Cabinet will approve the strategy following the comments of O&S and Strategic Directors at their meeting on 27 September 2007

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Resources, Performance and Development Overview and Scrutiny Committee – 4 September 2007

### Draft Capital Strategy

### Report of the Strategic Director, Resources

#### Recommendation

That the draft Capital Strategy, which accompanies this report, incorporating any comments from the Committee and SDMT is forwarded to Cabinet for approval.

#### 1 Background

- 1.1 The Capital Strategy is an integral part of the annual budget setting process and provides a strategic basis for the authority's decisions on capital investment. It is a long-term plan to provide the infrastructure to meet the Council's priorities. The strategy shows how the authority is prioritising, targeting and measuring the performance of the capital programme.
- 1.2 The draft Capital Strategy attached to this report will also be considered by SDMT at their meeting on 5 September 2007.
- 1.3 If approved the strategy will provide a strategic framework within which members can prioritise the capital investment proposals coming forward for the period 2008/09 to 2009/10 over the next few months. The Committee are asked for their comments on the strategy and to recommend the strategy, as amended for any comments, to Cabinet for approval.

DAVE CLARKE  
Strategic Director, Resources

Shire Hall  
Warwick



# **Draft Capital Strategy 2007**

**Investing in our Vision – “Working  
in Partnership to Put Customers  
First; Improving Services and Lead  
Communities”**

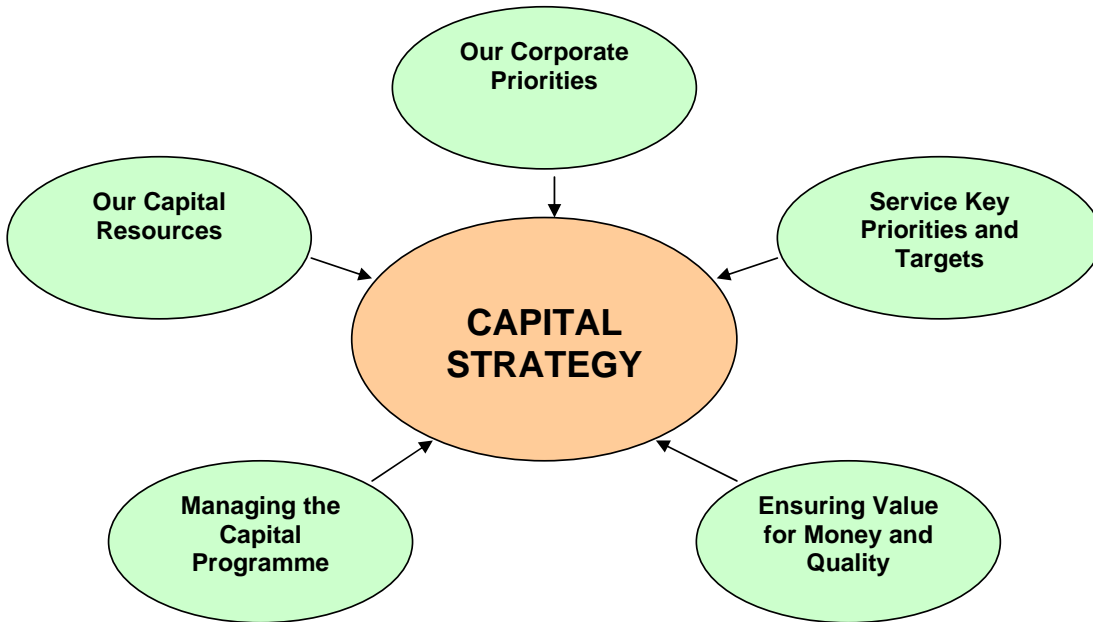
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## Executive Summary

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

Our Capital Strategy sets out a framework of how we aim to use our capital resources to invest in assets with a lasting value, ensuring all investment decisions maximise the benefits to the people of Warwickshire. It covers the five key themes shown in the diagram below.



### Section 3: Our Corporate Priorities

Our vision is “Working in Partnership to Put Customers First; Improve Services and Lead Communities”. Our top priorities in striving for our Vision are:

- \* Raising levels of educational attainment,
- \* Caring for older people, and
- \* Pursuing a sustainable environment.

It is investment to deliver these priorities that forms the basis of the priority for allocation of capital resources.

### Section 4: Our Capital Resources

The level of planned capital investment is partially determined by the level of resources available.

- \* All directorates are encouraged to look for external funding prior to bidding for corporate resources.
- \* We continuously monitor and review our property portfolio to ensure we make the best use of the capital value tied up on those assets, taking decisions on the disposal of assets where and when it is in our best interest to do so.

- \* We borrow money for investing based on a set of principles called prudential guidelines. These include an assessment of affordability, efficiency, sustainability and investment returns. Our prudential guidelines are continuously monitored and agreed annually as part of the Treasury Management Strategy.
- \* Directorates can use their own resources to directly fund capital investment, encouraging investment that results in savings or generates additional income in the future.

### **Section 5: Service Key Priorities and Targets**

At a service level the key priorities for capital investment incorporate the priorities of our partner agencies (especially central government) as well as delivering our own corporate priorities. This is because compared to the resources provided/directed by government or third parties the level of resources that is affordable, and we have complete discretion over, is small.

Our service priorities are also outlined in more detail in a number of linked plans such as the Local Transport Plan, the Implementing e-Government Statement, the Local Education Plan and the Corporate Property Strategy.

### **Section 6: Managing the Capital Programme**

Our capital strategy is an integrated part of the overall processes for financial and service planning. In making investment decisions documented processes ensure we obtain maximum value and benefit. These processes cover:

- \* Bidding for external resources
- \* The development of project appraisals
- \* The corporate resource allocation process and appraisal of projects
- \* Managing the resource allocation process and constructing the capital programme
- \* Risk management, and
- \* The performance management, monitoring and review framework

### **Section 7: Value for Money and Quality**

Over and above our procedures for the effective management of the capital programme we operate a number of key policies and processes to ensure our assets and any new capital investment provides value for money and is of the appropriate quality. We do this through:

- \* The use of the Corporate Property Strategy and asset management plans for schools, highways and bridges.
- \* Financial targets for commercial property.
- \* The corporate procurement strategy and the use of project management methodology, and
- \* The use of performance indicators and benchmarking.

## Section 1: What is the Capital Strategy?

The Capital Strategy is a document that sets out how we aim to use capital resources to achieve our vision of "Working in Partnership to Put Customers First; Improve Services and Lead Communities" and deliver our corporate priorities.

To do this it sets out:

- ✿ How the Capital Strategy fits into our overall corporate and strategic planning for investment in services throughout the county.
- ✿ The key priorities and targets for capital investment in the future.
- ✿ An overview of how capital investment is planned and controlled within our corporate planning and performance management framework.
- ✿ How we ensure value for money and quality from our capital investment.

This document is intended to be used by stakeholders to show how we make decisions on capital investment in services and how this links to their interest and relationship with us. It can be used by:

- ✿ **Cabinet and Council** - to decide on capital investment policy within the overall medium term financial plan and communicate this effectively to all stakeholders.
- ✿ **Service managers** – to improve their understanding of our capital investment priorities and assist them in seeking the allocation of capital resources, and to confirm their role in the management and monitoring arrangements.
- ✿ **Councillors** – to improve their understanding of the need for capital investment and help them scrutinise policy and management.
- ✿ **Employees** – to assist in cascading our policy on capital investment priorities and decision-making arrangements so they have a better understanding of why and how capital spending is governed.
- ✿ **Residents and customers** – to communicate our policy and its impact on the provision of services.
- ✿ **Taxpayers** – to demonstrate how we seek to prudently steward capital resources and look after our capital assets.
- ✿ **Partners** – to share with them our vision and help co-ordinate and seek further opportunities for partnerships in Warwickshire.
- ✿ **Others who are concerned with public scrutiny** – to improve the openness and accountability of our decision-making.



## Section 2: Context

Warwickshire lies to the South and East of the West Midlands conurbation. It has strong links with Coventry, Birmingham and Solihull in the West Midlands Region, and also increasingly with the South East. Warwickshire covers an area of just under 200,000 hectares and lies at the heart of Britain's transport network with several key strategic routes passing through the County.

The population of Warwickshire is 534,000 and has been growing for the past three decades. Growth has been particularly rapid since 2000, with continued inward migration from the urban areas of Coventry and Birmingham, in addition to more recent inward international migration. Population growth has not been consistent across Warwickshire's five districts. In the last 10 years the population of south Warwickshire (Stratford-on-Avon and Warwick districts combined) has increased by 14%, compared to just 3% in the rest of the County.

The population of Warwickshire is forecast to continue to increase by about 6,000 (or 1%) a year over the next decade. This growth is expected to be faster than that experienced either regionally or nationally, with the fastest rates of growth forecast for Rugby, Stratford-on-Avon and Warwick. The biggest rate of growth of any age group will be the very elderly – aged over 85 – where numbers are expected to grow by around 4% each year for the next 15 years. This compares to population growth of about 0.5% a year for those aged under 20, about 1% for those aged 20 to 65 and 3% a year for those aged over 65.



In terms of population, there is not one dominant town. The towns with populations of over 25,000 are: Nuneaton (79,000), Rugby (63,000), Leamington Spa (48,000), Bedworth (42,000) and Warwick (29,000).

There are also significant variations in population density. In Nuneaton and Bedworth there are 15.3 people per hectare, in comparison to only 1.2 in Stratford-On-Avon district. The average for England and Wales is 3.5 people per hectare.

There are distinct geographical differences in the structure and performance of the Warwickshire economy. The three northern boroughs have a strong manufacturing heritage and have also attracted major transport companies and distribution developments. The south of the County has a more developed service economy, with particular strengths in ICT, business services and the hospitality sector.

In Nuneaton and Bedworth, there is a shortage of jobs compared to the local population, unemployment rates are higher and wages lower than elsewhere in the County. Much of the borough lies within the Coventry-Nuneaton Regeneration Zone, a priority area for investment by the regional development agency, Advantage West Midlands. In parts of the south of the County, economic success and population growth have pushed house prices to levels on a par with the South East of the UK.

The Regional Spatial Strategy is currently being consulted on and will influence the future rate of population change. Options included could see between 52,500 and 67,500 new dwellings being built in Warwickshire in the next twenty years.

Not only does the forecast demographic, social and economic change put pressure on essential services, such as schools, roads, waste management and public transport facilities, but the scale of future growth will need to be anticipated and managed to limit excessive demands on our infrastructure.

Our gross and net planned revenue spending for 2007/08 are £711.8 million and £280.6 million respectively. Our planned capital investment is £135.8 million. One result of our past capital spending is that we own a significant number of items, called assets, that are intended to be used for several years. At the end of 2006/07 our assets were worth £1.204 billion.

<b>Our assets</b>			
<b>Buildings</b>			
• Homes for elderly people			10
• Schools, including special schools	242	• Group homes and hostels	23
• Youth centres	21	• Other social services properties	29
• Other education properties	15	• Smallholdings	48
• Libraries	23	• Administrative buildings	18
• Museums	3	• Housing	7
• Waste disposal sites	6	• Other	23
• County parks and nature reserves	11	<b>Land (hectares)</b>	2,367
• Transport workshops and depots	8	<b>Roads (kilometres)</b>	3,766
• Fire stations	18	<b>Vehicles and equipment</b>	541

With assets worth £1.204 billion, the need to finance new growth and financial constraints we haven't invested as much as we would have ideally liked to maintain our assets. We need to invest some £114 million in our schools assets to bring them up to the standard required. In addition the non-education and highway maintenance backlog totals some £34 million, giving a total maintenance backlog of some £148 million.

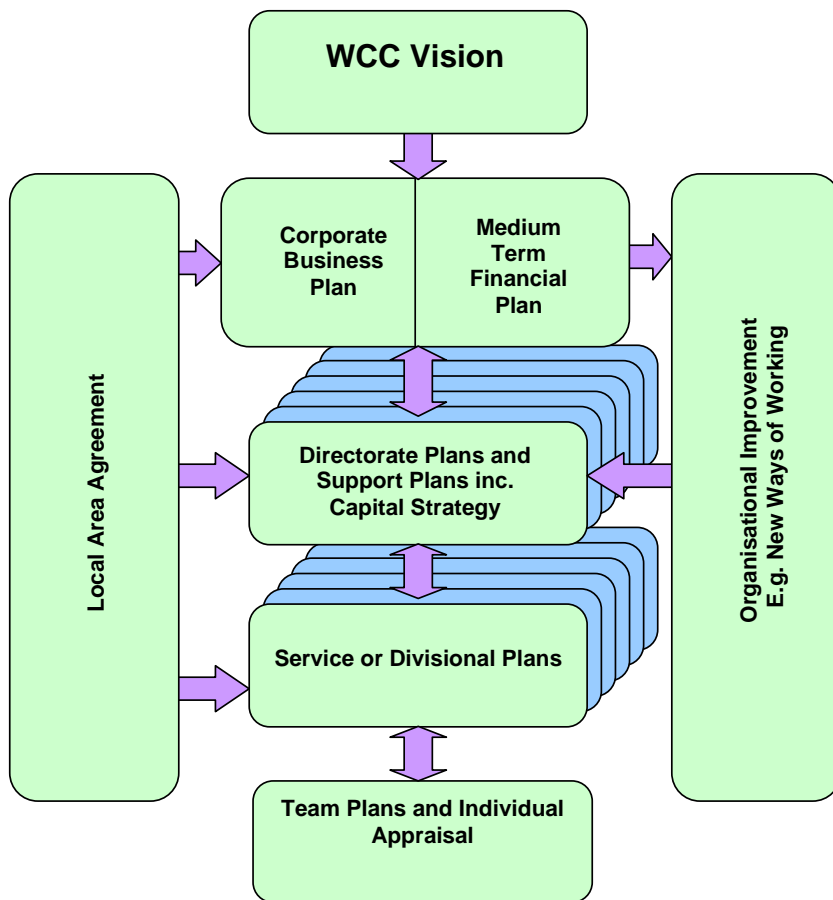
### Section 3: Our Priorities

The Capital Strategy cannot be viewed in isolation. It influences and is influenced by many strategies and plans.

The Warwickshire Local Area Agreement and corporate business plan are the key drivers. Other specific plans that focus on specific aspects of our work and link directly to the Capital Strategy are:

- ✿ Local Transport Plan – reviewed on a five year cycle
- ✿ Health Improvement Plan – through use of joint priorities
- ✿ Corporate Property Strategy and Service Asset Management Plans – a rolling review of our property portfolio
- ✿ Regeneration Strategy and Local Agenda 21 – to inform bidding for regeneration and appraising projects
- ✿ Treasury Management Strategy – ensuring all borrowing is prudent and affordable.
- ✿ Corporate Customer Service and Access Strategy – capital investment for delivering a customer focussed organisation.

Diagram 3.1: Warwickshire's Plans



All the plans and strategies referred to above are subject to public consultation. For some service specific plans this consultation may be directed at those groups with a specific interest in the

issues being consulted upon. This includes seeking the views of stakeholder organisations such as the Health Authority and Police Authority as well as established focus groups of Warwickshire residents including 'hard-to-reach' groups such as young people and the Warwickshire Panel (a survey of 1000 residents undertaken by MORI).

Our Vision is "Working in Partnership to Put Customers First; Improve Services and Lead Communities". Our top priorities in striving for our Vision are:

- \* Raising levels of educational attainment.
- \* Caring for older people.
- \* Pursuing a sustainable environment.

The investment needed to deliver these priorities forms the basis for the allocation of capital resources.

Through our capital investment programme we will work to achieve these priorities by:

- \* Raising standards of customer service and access to our services.
- \* Targeting our resources to meet our priorities.
- \* Ensuring value for money by reviewing the way we do things to make the best use of public resources.
- \* Working in partnership with others and engaging with the community to provide local services.
- \* Confronting inequalities and narrowing the gap by raising standards.

We have for many years been working in partnership with other local authorities, agencies and partners in the delivery of capital investment and improved service delivery. This approach continues to be our preferred method of delivering capital investment and we will continue to work with partners to develop and improve services.

## Section 4: Our Capital Resources

When assessing the level of planned capital investment to undertake we make a judgement about the level of capital resources, including capital receipts, 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 – these are generally a pooled corporate resource
- Borrowing – we are able to make judgements about the level of borrowing we can afford
- Revenue contributions/self-financing schemes

### Service Specific Grants and Third Party Contributions

Bids for service specific resources such as grants and third party contributions are dealt with on a service-by-service basis and all Directorates are encouraged to look for external funding prior to bidding for any corporate resources. We have a separate team within our Environment and Economy Directorate to optimise our take-up of external funding and a corporate External Funding Group that looks to share information and promote cross-directorate working to maximise the level of external funding.

About £300 million is dispersed on domestic funding programmes by Advantage West Midlands, the regional development agency, focussing on skills, business support and tourism as well as the main economic development and inward investment priorities. A revision of the Regional Economic Strategy is currently underway but is unlikely to result in any seismic changes to current (competitively bid for) delivery mechanisms.

There is a new EU funding perspective for 2007-2013. This sees a reduction of structural funds for the West Midlands of about 55%. Albeit reduced the structural funds will remain important for regeneration priorities through £260 million ERDF grant regionally for innovation, enterprise, business development and sustainable urban development and £235 million ESF grant for employment and skills related actions.

### Capital Receipts

Through the Corporate Property Strategy, Capital Receipts Strategy, and our corporate approach to the continuous monitoring and review of the Council's property portfolio, we seek to ensure we optimise the investment in assets and opportunities to 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 we take a number of factors 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.
- \* If we would be achieving the best value from the disposal.
- \* The level of any financial return.
- \* Any legal obligations.
- \* The impact on corporate policies and the promotion of key strategic policies.

### Borrowing

We plan to borrow money to finance capital investment based on a set of guiding principles (prudential guidelines). These include the principles of affordability, prudent funding, efficiency, forward planning, outcomes, sustainability and investment return:

- \* **Affordability** The cost of repaying any borrowing and any running costs arising from the new investment are affordable within the approved revenue budget both for the current year and over the medium term.

- \* **Prudent funding** Borrowing is only undertaken within pre-set limits as approved in the Treasury Management Strategy.
- \* **Efficiency** Borrowing provides an economic funding mechanism to minimise the impact of revenue costs on service accounts and to spread the costs over a reasonable number of years.
- \* **Forward planning** Borrowing enables us to develop longer planning horizons, enabling resources to be set aside and built up for major investment.
- \* **Outcomes-orientated** Borrowing is justified as effective in contributing to the outcome of the local area agreement, corporate business plan and other corporate/service plans.
- \* **Sustainability** Borrowing allows us to make making the best use of existing assets, local skills and resources.
- \* **Investment return** We are able to optimise the financial return on council owned assets.

### Revenue Contributions/Self-Financing Schemes

If services are able to make resources available from their revenue budget these can be used directly to finance capital investment. Alternatively, if a scheme is an invest-to-save project (resulting in a saving in a services revenue budget) or will generate additional income, and these are at a sufficiently high level to cover the cost of borrowing, the scheme is allowed to proceed.

The revenue consequences of capital investments are assessed when Directorates bid for capital resources and must compete for resources against other revenue budget pressures.

### Approach to the Private Finance Initiative (PFI)

PFI will be considered on all schemes where it is felt the scale and nature of the required investment is likely to attract PFI credits.

### Capital Financing Patterns/Plans

Our capital spending has increased from £90.4 million in 2006/07 to an estimated £135.8 million in the current year. As part of setting the 2007/08 Budget in February 2007 members also agreed a capital programme for the following two years, based on the known level of resources currently available. This is summarised in the Table 5.2. Table 4.1 below shows the financing of the capital programme.

Service	2006/07	2007/08	2008/09	2009/10	Future Years £000
	£000	£000	£000	£000	
Grants and Third Party Contributions	37,317	61,021	30,197	5,523	-
Capital Receipts	1,442	26,236	10,361	-	-
Borrowing	51,126	47,165	23,389	25,340	1,250
Revenue Contributions	481	1,378	1,184	1,138	-
<b>Total Capital Spending</b>	<b>90,366</b>	<b>135,800</b>	<b>65,131</b>	<b>32,001</b>	<b>1,250</b>

## Section 5: Service Key Priorities and Targets

As outlined in Section 3 priority is given to investment to deliver our corporate priorities. However, although the prudential code has given us additional freedoms over borrowing, compared to the resources provided/directed by Government and third parties, the level of resources that is affordable and we have complete discretion over is small. This limits our scope for prioritising the entirety of capital resources. Resources earmarked by central government for specific purposes, principally education and transport, will continue to be prioritised through government-determined mechanisms.

At a service level therefore key priorities and targets for capital investment need to incorporate the priorities of our partner agencies (especially central government) as well as delivering the corporate objectives in order to achieve the maximum benefit. Our capital investment, at a service level, is further determined by the following objectives and priorities:

### Adult, Health and Community Services

The Directorate has a corporate responsibility for delivering the key priority of “Caring for Older People” and contributing to “Pursuing a “Sustainable Environment”. Within this the key objectives of the Directorate are to:

- ✿ Support independent living
- ✿ Maximise the well-being and safety of people
- ✿ Offer the choice and control of a range of services as close to home as possible
- ✿ Work with health, community and other partners to promote the above and reduce inequalities.

To do this we will:

- ✿ Continue to reassess the on-going need for our building stock in light of the modernisation agenda. This could mean the re-provision of services in a different format, in a different configuration of buildings but delivering and displaying services which are community-based, flexible and innovative.
- ✿ Protect, maintain and upgrade where necessary our existing buildings to provide locations which are good quality, fit for purpose and welcoming for service users and staff.
- ✿ Explore new ways of working and make the best use of office accommodation and assistive technology in order to promote the most efficiency use of space whilst providing staff with a productive working environment.
- ✿ Explore partnership arrangements to offer enhanced customer services within and outside Warwickshire County Council.
- ✿ Continue to review and promote, with partners where appropriate, a more efficient and effective provision of transport for customers attending services provided by the Directorate.

### Children, Young People and Families

The directorate has a key responsibility for delivering the corporate priority of improving educational attainment making it possible for the people in Warwickshire to fulfil their educational potential. As a result of falling pupil numbers and the demographic changes the service is beginning to develop a reorganisation plan linked to the removal of surplus places in schools.

Outside of this the priorities for capital expenditure are:

- ✿ Basic need in schools, including the consequences of changes in pupil numbers.
- ✿ Urgent work to prevent the immediate closure of premises, address any immediate high risk to the health and safety of occupants and remedy any potential serious breach of legislation.
- ✿ Essential work required within two years that will prevent serious deterioration of the fabric or services, address a medium risk to the health and safety of occupants, or remedy a less serious breach of legislation.
- ✿ Projects leading to significant revenue savings.
- ✿ The provision of Early Years settings, funded through government grant.

- ✿ Facilitating the extended schools agenda.

From 2009 Warwickshire will benefit from the Government's Primary Capital Programme, which promises a new source of funding to address issues in the Primary School phase. The programme will provide funding for both Community and Aided schools and requires that we agree local priorities and work, with the Aided sector.

There is an urgent need to replace unsuitable secondary school stock. It seems unlikely that we will benefit substantially from the Government initiative "Building Schools for the Future" until at least 2013. In the meantime we will pursue opportunities to facilitate the rebuilding of individual secondary schools.

We maintain a detailed schools asset management plan that includes details of the condition and suitability of every school in the county. This plan is documented separately from this capital strategy and forms the basis of our decision-making within the individual priority areas.

### Community Protection

The Community Protection Directorate has a responsibility to reduce risk to the community by providing high quality services from strategic locations. In doing so it must specifically provide an emergency response service utilising a vehicle fleet that is equipped to meet the community risk profile for Warwickshire as defined within the Integrated Risk Management Plan.

The key objectives are:

- ✿ To ensure the provision of a vehicle fleet that can effectively respond to emergency incidents, minimising the impact to life and property.
- ✿ To ensure the provision of specialist equipment that can respond to emergency incidents, minimising the impact to life and property.
- ✿ To ensure the health, safety and welfare of personnel.
- ✿ To ensure that the organisation meets legislative requirements for equipment maintenance and testing, the Fire and Rescue Services Act 2004 and the Civil Contingencies Act 2004.
- ✿ To allow the organisation to keep abreast of technological developments.

### Environment and Economy - Transport

Our transport policies, objectives and targets are set out in Warwickshire's Local Transport Plan (LTP2) submitted to Government in March 2005. Our aims are to reduce the environmental impact of traffic flow, improve traffic flow, limit congestion, reduce road casualties and to improve the opportunities for those without cars to access essential services and jobs.

Our activities include:

- ✿ Traffic management and infrastructure improvements designed to improve vehicle flow and conditions for cyclists and pedestrians.
- ✿ Design and construction of major improvement schemes.
- ✿ Improving bus services through investment in new vehicles and improved infrastructure on the road and at bus stops.
- ✿ Developing initiatives which help meet the transport needs of people in rural areas.
- ✿ Encouraging improvements to rail services and the provision of new railway stations.
- ✿ Infrastructure improvements to reduce road casualties by treatment to locations with high accident rates.
- ✿ Encouraging the use of more sustainable travel modes by developing safer routes to schools.
- ✿ Collecting and analysing road casualty and traffic information to ensure that investment decisions are data led.
- ✿ Fleet management and maintenance in support of our transport fleet.

The outcomes from our capital investment in transport are supported and enhanced through revenue expenditure on education, information and promotion.



Additionally, we are required to maintain all roads in Warwickshire except motorways and trunk roads. Our capital maintenance activities include:

- ✿ Repairing roads, pavements and bridges
- ✿ Street lighting provision and maintenance
- ✿ Provision of and maintaining traffic signals, signs and road markings
- ✿ Co-ordinating road works carried out by utilities (gas, water etc)
- ✿ Ensuring new roads and pavements are constructed to adequate standards.

In addition to the investment in capital maintenance there is a substantial programme of revenue funded maintenance covering for example winter gritting and snow clearance, gully emptying, grass cutting and tree maintenance, pot hole repair and road and bridge inspections.

Our main transport targets are to:

- ✿ Maintain satisfaction with transport services and road maintenance
- ✿ Reduce casualties arising from road traffic accidents
- ✿ Improve road conditions, bus patronage and travel to school other than by car
- ✿ Improve the environment of our towns including dealing with declared air quality management areas.

### Environment and Economy - Waste Management

We will continue to work with waste collection authorities to implement Warwickshire's Municipal Waste Management Strategy.

We will promote waste reduction, re-use and recycling through the Warwickshire Waste Partnership and Recycle for Warwickshire initiative, including:

- ✿ Implementing the Waste Minimisation Strategy in partnership with the waste collection authorities.
- ✿ Disposing of the household waste and abandoned cars collected by the Borough and District Councils.
- ✿ Providing and managing household waste sites.
- ✿ Paying recycling credits to Districts, local schools and charities.

Our local agenda is:

- ✿ Working towards a sustainable environment (for carbon emissions and waste minimisation and recycling).
- ✿ Undertaking the investment necessary to deliver our local plans including the Municipal Waste Management Strategy, the Minerals Local Plan, the Waste Plan and the Local Bio-Diversity Action Plan for Coventry, Warwickshire and Solihull.

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Our aspirations are to:

- ✿ Reduce the volume of waste produced in Warwickshire and minimise the amount going to landfill.

Our targets are to:

- ✿ Meet our landfill diversion targets – particularly reducing the amount of biodegradable municipal waste that is landfilled.
- ✿ Meet long-term national targets for recycling and composting.
- ✿ Deliver our Local Public Service Agreement target to increase recycling rates (this encompasses the targets of LPSA2).

### Environment and Economy - Regeneration and Economic Development

Our Regeneration Strategy steers our regeneration activities, which are invariably undertaken in partnership with others. They are designed to address social, economic and environmental disadvantage in urban and rural areas, and maintain the vitality of our town centres. Our activities include:

- ✿ Securing external funding for projects

- ✿ Town centre and market town improvement schemes and the creation of Business Improvement Districts
- ✿ Regeneration projects, including the Pride in Camp Hill Project, the Stoneleigh Park Renaissance and delivering other projects in the Regeneration Zone
- ✿ Promoting rural accessibility through community transport schemes

Our local agenda is to:

- ✿ Undertake the investment necessary to deliver our local plans including the AWM Regional Economic Development Strategy, “Agenda for Action”, our Economic Regeneration Strategy and the National Trading Standards Performance Plan
- ✿ Complete the regeneration of Camp Hill through our Pride in Camp Hill partnership and our Early Years Centre in Stockingford

Our aspirations are to:

- ✿ Redress economic imbalances across the county
- ✿ Provide work opportunities for all
- ✿ Improve the local skills base
- ✿ Offer local people an improved range of employment opportunities
- ✿ Provide a sharper competitive edge for the county as a choice business location
- ✿ Deliver good support for business start-ups

Our targets are to:

- ✿ Narrow the gap between high and low average incomes across Warwickshire
- ✿ Redress imbalance in the range of Quality of Life indicators across the county
- ✿ Increase employment compared to the national average
- ✿ Raise employer satisfaction rates
- ✿ Make more Warwickshire people confident consumers

### Environment and Economy - Countryside and Rural Strategy

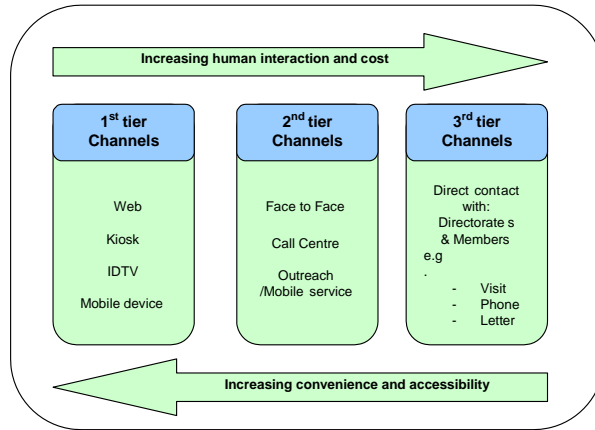
Our service aims are to promote the use and safe enjoyment of the Warwickshire countryside for the benefits to health, learning, the environment and local economy. We do this by investing in and maintaining our country parks, greenways and 1,700 mile network of public paths (including 2,000 bridge crossings), acting as a gateway to the countryside.

### Performance and Development - Customer Service and Access

We will be “putting our customers first; improving services; and leading our communities” through

- Efficient, effective and customer-focussed processes
- Customer driven technology
- Localised services and solutions
- Empowered, committed and customer-focused staff
- Working in partnership with all public service providers in Warwickshire

The Customer Service and Access Strategy aims to put the customer at the heart of everything we do. It recognises the importance of the customers’ needs and attempts to ensure that our services are driven and shaped by all those who live and work and visit Warwickshire. We will address the need to provide and maintain consistency, across all the access channels, to ensure equality of service and experience for our customers through the application of enabling technology and realignment of existing delivery processes.



We recognise that the structure and organisation of the Council is not as important to our customers as their experience when accessing Council services. It is the ease of accessibility, quality and speed of response that counts. To do this, we aim develop joint access approaches with our partners, including District and Borough Councils, Police, Health, community agencies etc to develop the gateway to enhance the experience of public services in Warwickshire.

### Resources - Property and Office Accommodation

Our policy is to only hold property required to deliver services. To do this all Strategic Directors are required to account for accommodation they use to provide services on an annual basis. A new Corporate Property Strategy is currently being prepared. The key elements of this will form the basis of our property and office accommodation priorities.

### Resources - Information and Communications Technology (ICT)

The use of ICT is seen as critically important to the modernisation and transformation of our services. It also supports and facilitates the achievement of corporate ambitions to be more citizen-focused with high standards of service delivery. This importance is reflected in the Local Area Agreement, the Corporate Business Plan and the annual Implementing e.Government Statements. It is also acknowledged to be a strategic risk.

Specifically this means we need to:

- ✿ Modernise and sustain our ICT infrastructure from desktop to network to central servers in a secure and resilient form.
- ✿ Develop and maintain an e-enabled customer strategy that ensures consistent, high quality services are provided at the lowest transaction cost via the Web, the Customer Service Centre, and One Stop Shops, and other channels.
- ✿ Provide mobile and home-based staff with secure access to systems and services at any time, from anywhere and from any device.
- ✿ Improve the efficiency and flexibility of systems and related data management through the development and maintenance of Business Systems Architecture.
- ✿ Develop and sustain a corporate Intranet that provides staff with electronic access to information and knowledge held formally and informally.
- ✿ Enable joint working with partners from reciprocal access to services, to shared / jointly operated systems and facilities.

### Base Capital Programme

For capital investment, as for revenue spending, there are elements of spending which the authority has no choice but to incur over the medium term. This is the spending required to ensure the long-term maintenance of our asset infrastructure. The 2007-2010 capital programme includes

such a base capital budget, developed in accordance with the Medium Term Financial Planning Strategy, agreed by Council in July 2006.

Any allocation included in the base capital programme meets at least one of the following four criteria:

- \* Structural maintenance cost of maintaining our assets in their current condition,
- \* Annual cost of approved equipment and/or vehicle replacement programmes,
- \* Annual allocation for small-scale reactive maintenance works, or
- \* Cost of approved programmes to ensure our assets continue to meet statutory health and safety requirements.

The base capital programme is shown in Table 5.1 below.

<b>Table 5.1: Base Capital Budget 2007/08 to 2009/10</b>				
Directorate	Programme	2007/08 £m	2008/09 £m	2009/10 £m
AH&CS	Premises and accommodation small-scale reactive maintenance works	0.200	0.210	0.220
	Vehicle and equipment replacement programme	0.100	0.105	0.110
	<b>Sub-total</b>	<b>0.300</b>	<b>0.315</b>	<b>0.330</b>
CYP&F	Premises and accommodation small-scale reactive maintenance works	0.100	0.105	0.110
	<b>Sub-total</b>	<b>0.100</b>	<b>0.105</b>	<b>0.110</b>
Community Protection	Fire appliances replacement programme	0.600	0.630	0.660
	Equipment for fire appliances	0.100	0.105	0.110
	<b>Sub-total</b>	<b>0.700</b>	<b>0.735</b>	<b>0.770</b>
E&E	Highways maintenance	10.000	10.500	11.025
	Street lighting column replacement	0.500	0.525	0.550
	Countryside small scale reactive maintenance	0.100	0.105	0.110
	<b>Sub-total</b>	<b>8.410</b>	<b>11.130</b>	<b>11.685</b>
Resources	Structural maintenance of our property assets (excluding schools)	1.000	1.050	1.100
	Mechanical maintenance and replacement programme	1.250	1.310	1.375
	Electrical maintenance	0.750	0.785	0.825
	Asbestos and safe water	0.500	0.525	0.550
	<b>Sub-total</b>	<b>3.500</b>	<b>3.670</b>	<b>3.850</b>
<b>Total</b>		<b>15.200</b>	<b>15.955</b>	<b>16.745</b>

### Capital Spending Patterns/Plans

Our capital spending has increased from £90.4 million in 2006/07 to an estimated £135.8 million in the current year. As part of setting the 2007/08 Budget in February 2007 members also agreed a capital programme for the following two years, based on the known level of resources currently available. This is summarised in the Table 5.2. The figures include the base capital budget detailed in Table 5.1.

The capital programmes for 2008/09 and 2009/10 above were approved by the Council in February 2007. The future years programme will be further enhanced by:

- \* Additional developer funded schemes for transport and other services
- \* Additional government funded education and transport projects
- \* Projects approved in line with our medium term objectives
- \* Purchases of vehicles, plant and equipment funded from revenue budgets

<b>Table 5.2: Capital Spending Patterns and Plans 2006/07 to 2009/10</b>					
<b>Service</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>Future Years</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adult, Health and Community Services</b>					
• Adult Social Care	1,580	2,550	808	330	-
• Libraries, Adult Learning & Culture	391	968	150	-	-
<b>Children, Young People &amp; Families</b>	41,059	44,294	10,967	439	-
<b>Community Protection</b>	1,298	2,935	1,268	1,308	-
<b>Environment and Economy</b>					
• Transport	29,579	48,257	43,849	21,449	10
• Waste Management	426	9,288	-	760	1,240
• Regeneration & Economic Development	1,948	4,723	68	-	-
• Countryside and Rural Strategy	631	2,326	111	110	-
• Other Services	898	525	100	100	-
<b>Performance and Development - Access Resources</b>	85	180	-	-	-
• Office Accommodation and Property	11,975	18,754	7,060	7,005	-
• ICT	676	1,000	750	500	-
<b>Total Capital Spending</b>	<b>90,366</b>	<b>135,800</b>	<b>65,131</b>	<b>32,001</b>	<b>1,250</b>

## Section 6: Managing the Capital Programme

Our Capital Strategy is an integrated part of the overall process for financial and service planning, with clear links to the corporate management of our property assets and resources. We make capital investment decisions based on:

- ✿ A clear strategic vision of what is needed
- ✿ Informed choices about investing public money in capital projects to satisfy the needs of services in Warwickshire
- ✿ An overall financial strategy, and
- ✿ Judgements about the best use of our revenue, capital and partnership resources

Capital investment is managed in accordance with this Capital Strategy.

### Feasibility – bidding for external resources

Bids for resources must be informed by this strategy, our policies and the medium term financial plan. In addition to this:

- ✿ Project officers should always consider the potential for obtaining external resources for any project that they may be considering.
- ✿ Bids to external funding agencies should only be considered for projects supporting existing policies or corporate strategies. The availability of external grants should not determine investment priorities.
- ✿ Any of our own capital and revenue resources required, as a contribution to a bid for external resources should be identified and earmarked/approved within the budget before any bid is submitted.
- ✿ Bids for long term funding such as borrowing, leasing or PFI should only be made where there is revenue and capital capacity within the medium term financial plan.

### Feasibility – development of project proposals

In order to avoid undue or abortive work, proposals for new capital projects should only be drawn up on the basis that:

- ✿ It is likely to be assessed as high priority within the context of this strategy and the corporate business plan.
- ✿ It has been developed following consultation (where appropriate) with residents, customers, councillors, partners and stakeholders.

### Bidding process and appraisal of projects

A bid document will be used for the appraisal of projects. This will be in accordance with the arrangements published as part of the budget process. The appraisal should contain the following essential elements:

- ✿ Feasibility of proposal/scheme - to demonstrate the overall feasibility of the bid.
- ✿ Option appraisal - to demonstrate the proposal has been tested against alternatives and benchmarks.
- ✿ Financial (cost benefit) appraisal – to demonstrate the proposal represents best value.
- ✿ Timetable – to ensure the project is well planned and can be delivered without slippage.

To ensure consistency and to ease the appraisal process all bids are completed to a standard format agreed as part of the approval of the budget process. Directorates are responsible for ensuring their bids are as complete and accurate as possible at the time of submission. Any subsequent material changes to the nature, cost or funding of a project requires members approval.

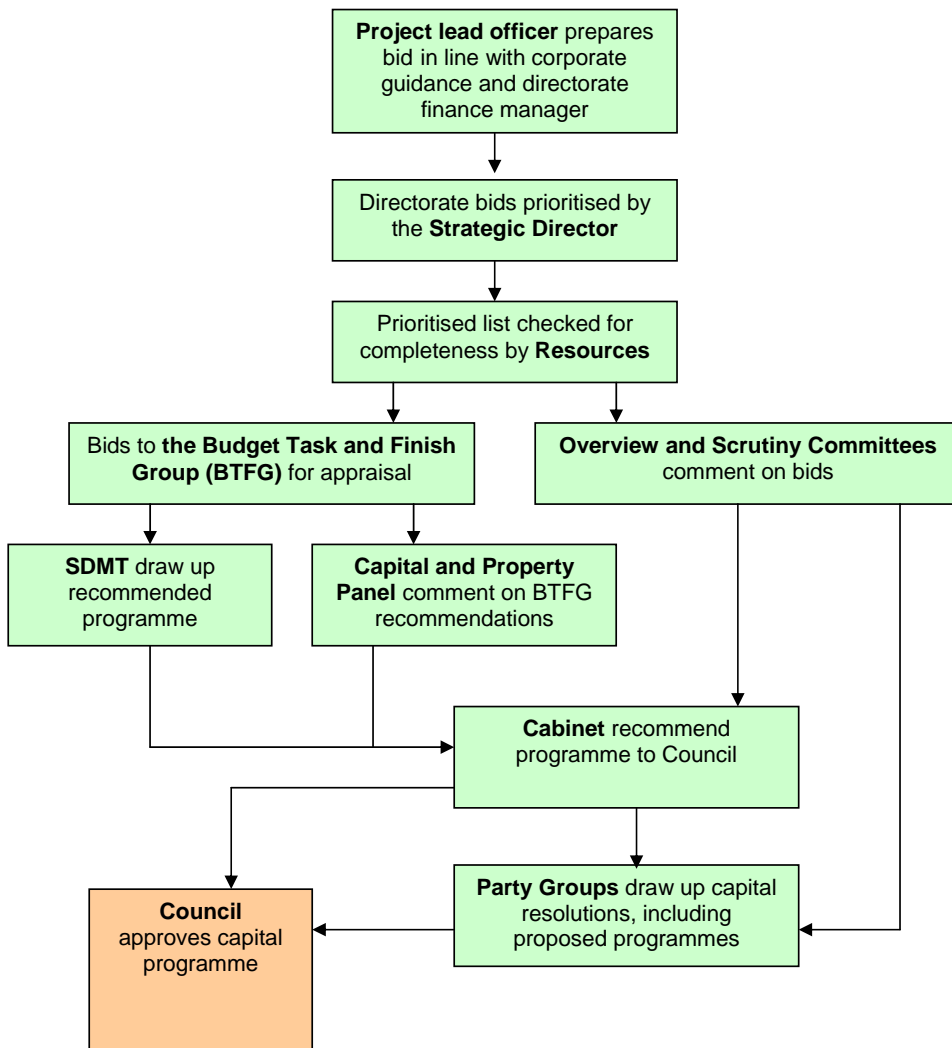
### Managing the bidding process and constructing the capital programme

Bids are prioritised by Directorates, checked by the Resources Directorate for completeness, appraised by the Budget Task and Finish Group then reported to the Strategic Directors

Management Team, the Capital and Property Panel, the relevant Overview and Scrutiny Committee and Cabinet for prioritising before going on to Council for approval. Diagram 6.1 shows the various stages in assessing the priority of schemes and determining the capital programme.

Resources earmarked by central government for specific purposes, principally Education and Transport, will be prioritised through government-determined mechanisms.

**Diagram 6.1: Production of the Capital Programme**



**Risk management**

Typical risks to the capital programme include overspending against agreed budgets and/or slippage in the timing of capital receipts. Regular expenditure monitoring meetings are held to ensure problems are identified at an early stage. Estimated funding from capital receipts is based on the approved assets disposal programme, which is subject to regular internal review.

**Performance management, monitoring and review framework**

Once approved the management of the capital programme is delegated to the Property and Capital Strategy Group (PCSG) which is a cross-directorate sub-group of the Strategic Directors

Management Team (SDMT). When does the monitoring take place? This Group also reports to the Capital and Property Panel, a member body that oversees and scrutinises the work of PCSG as well as providing guidance on policy developments for capital investment.

We recognise the importance of performance monitoring and have a variety of mechanisms in place to ensure capital investment is appropriately controlled and evaluated:

- \* Officers monitor physical progress regularly, usually monthly and there is a system of exception reporting to clients and members where problems occur
- \* Financial progress is reported quarterly to SDMT/Cabinet, highlighting any key issues for members to consider
- \* A full review of the whole capital programme is submitted to Cabinet twice a year and includes any variations to schemes and the overall financing of the programme
- \* Post contract appraisal of projects is carried out to provide feedback to the success or otherwise of the design solution, procurement process and customer satisfaction levels
- \* Projects part of fully funded by grant are monitored in accordance with the funding conditions of the funded body
- \* Reports are also presented throughout the year to Cabinet on specific schemes where decisions are required under the rules of the contract and financial standing orders.

We have a comprehensive capital manual as a guide for all officers involved in capital investment. The manual covers roles and responsibilities of officers involved in delivering capital projects, tendering and selection, post-project review and financial management.



## Section 7: Value for Money and Quality

Over and above our procedures for the effective management of the capital programme we operate a number of other key policies and processes to ensure our assets and any new capital investment provides value for money and is of the appropriate quality.

### Corporate Property Strategy

We have for many years carried out corporate reviews of our property portfolio. PCSG and the Head of Property continue to review and update this through the Corporate Property Strategy and Directorate asset management plans. Together these ensure:

- ✿ The regular review of asset holdings and the justification for them.
- ✿ Review of the suitability of assets for their purpose (including their running costs) and their effectiveness in supporting service and customer needs.
- ✿ Improvements are made in the information available for property management and co-ordination
- ✿ They are informed by and inter-relate with service reviews.
- ✿ They establish performance targets for assets and therefore a means of facilitating comparisons internally and externally.

### Financial targets for commercial property

We take advice on property and commercial valuations using our internal professional estates team and when appropriate external advisors. In order to ensure the optimum return on investment consistent with strategic policies we manage our property portfolio using the following principles:

- ✿ The need to optimise the return on all property investments.
- ✿ In appropriate circumstances consider the crosscutting needs of other policies e.g. environmental sustainability and regeneration.
- ✿ Optimise rent review periods and lease periods consistent with the council's strategic aims.

### Procurement

The procurement options available to project managers for individual projects must follow our internal protocols, which are embedded in the constitution. Our local code of corporate governance sets out how decisions are made and the procedures to be followed to ensure they are efficient, transparent and accountable to local people. Contract standing orders, financial standing orders and the procurement code of practice are the framework against which officers will undertake procurement and contracting activity, thereby promoting standards, ensuring probity and guaranteeing a consistent approach.

We will strive for continuous improvement in procurement and through effective procurement will seek to optimise the value of the money we spend by delivering high quality services and ensuring best value from each and every purchasing decision. All major projects are undertaken using project management methodology.

The procurement strategy takes account of the "National Procurement Strategy for Local Government" and the government initiative "rethinking construction" which is being driven through the construction industry to address the needs of end users, move away from traditional restrictive and confrontational processes and aim to achieve targets for reducing costs, time, defects and increase predictability.

For construction works we will seek to procure through partnering arrangements or contracts managed using partnership principles. Potential partners will be selected by advertisement. Partners will be chosen on the basis of an objective quality based evaluation process. We will properly evaluate the basis for our capital programme and other works and be committed to it prior to any involvement by a partnering contractor. Works will be packaged to suit the partnering

method. Construction partners will be involved at an early stage and will contribute to, and influence the complete design process to the benefit of the people of Warwickshire.

Corporate standards will seek to regulate quality, equal opportunity, competition, sustainability, economic regeneration and a whole-life cycle costing approach. For example, all out new build schemes are evaluated using BREEAM ratings to ensure the long-term sustainability of our investment decisions.

### **Performance indicators and benchmarking**

We operate an IT based performance information management system as an integral part of our performance management framework and code of practice. It is an IT based system which stores key performance information such as objectives, targets and performance indicators.

We have adopted the government's Property Performance Indicators and undertake several benchmarking studies through COPROP and CIPFA including: office accommodation, primary and secondary schools, social services homes, building performance and energy policy. Other internal performance measures are the post contract review questionnaires and customer satisfaction surveys. Details of performance indicators are given in an annual report to members.

The LTP includes a comprehensive set of targets related to our key priorities for transport investment. We have adopted a Highway Maintenance Policy incorporating a comprehensive set of performance indicators.

### **Continuous improvement**

As an authority we are constantly looking to continuously improve the quality and value of the services we provide.

Capital investment is often a catalyst and key driver of improvement allowing us to make step changes in the way we provide services.

We are also constantly looking to improve the way we plan and manage the capital programme. This capital strategy and the associated capital manual are reviewed annually to ensure they continue to be relevant and remain at the forefront of all capital investment decisions and the management of the capital programme.