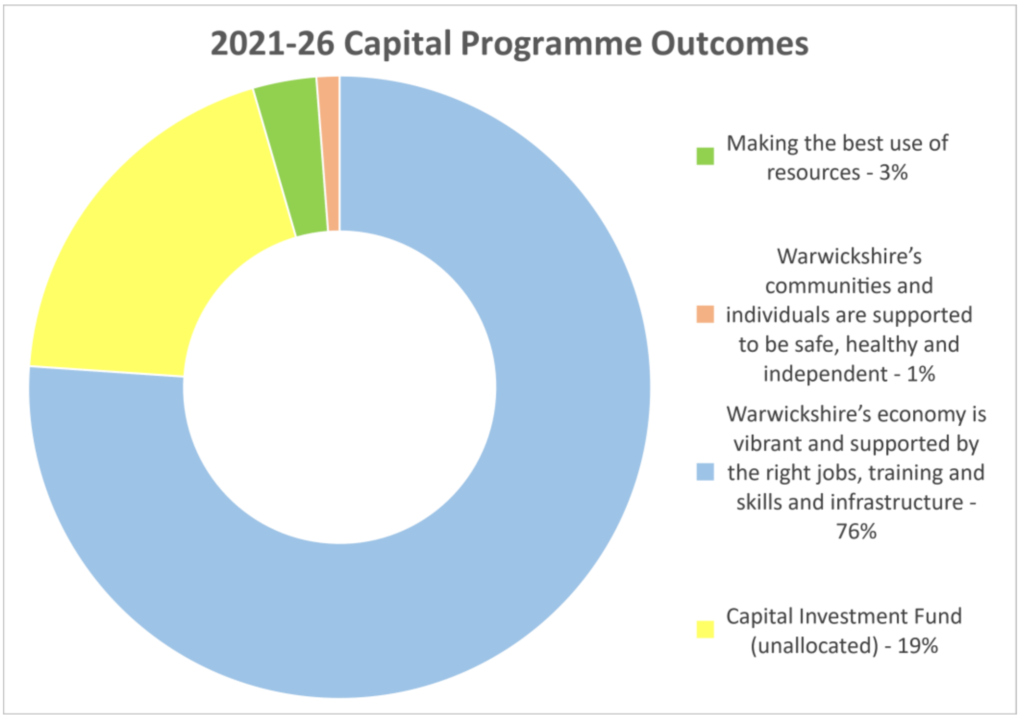
Investing in Warwickshire
Capital Strategy 2021-2030 – Technical Appendix

Why do we need a Capital Strategy?

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. Our capital investment is aimed at delivering our priority outcomes for which the current gearing of our capital programme is as follows:



This technical appendix to the Capital Strategy provides 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 and how we deliver the above outcomes.

What is Capital?

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 the 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 CIPFA Code 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, unless under exceptional circumstances. Further details of our capitalisation policies can be found in the Accounting Policies section of our Statement of Accounts, published on our website.

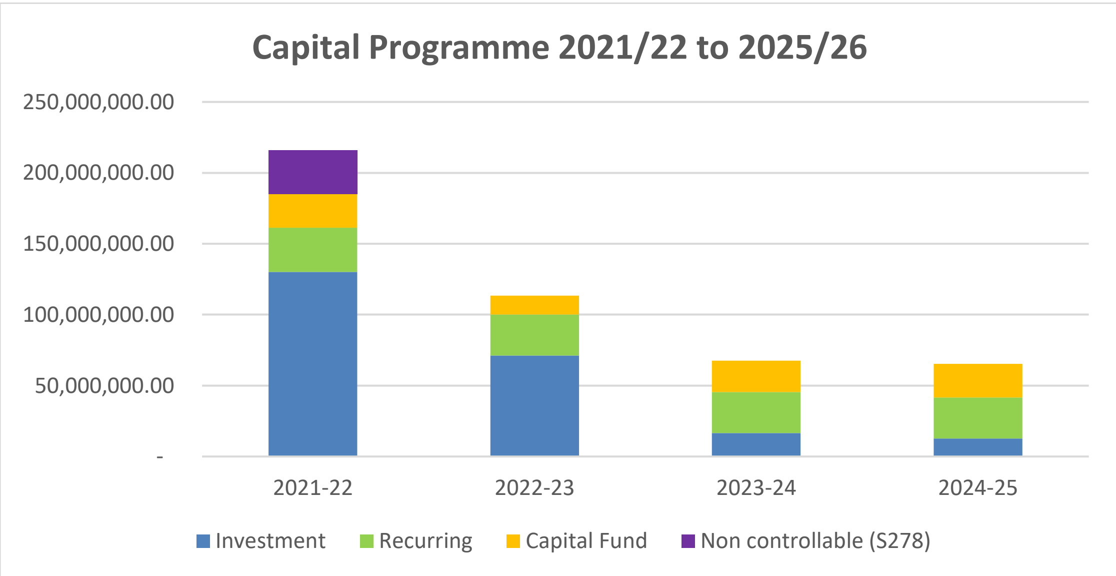
Our Capital Programme

There are five broad strands to our capital programme, each strand has a number of elements that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals. The strands are:

- A recurring maintenance programme that ensures our assets continue to be fit for purpose and able to support the delivery of services;
- Non-controllable projects, generally funded from developer contributions and not wholly within the Council's control;
- An investment programme that creates and develops new assets through individual projects;
- Corporately held investment funds for allocation as business cases are submitted and approved; and
- Investment to increase the value delivered from our land and property assets through the Warwickshire Property and Development Company.

The chart below shows our planned capital programme over the next five years across the five strands of the capital programme. Future non-controllable (developer-led) spend cannot yet be timetabled with accuracy and so has been excluded from future years capital programmes at this time. Overall, we would expect the level of spend on such schemes to be broadly comparable with forecasts for 2020/21.

The impact of the Warwickshire Property and Development Company will be reflected in an updated version of this document, to be reported to Cabinet in January 2021 alongside the report seeking approval of the company's first business plan.



Section 25 of the Capital Financing Regulations, which govern the content of our capital programme, requires that expenditure incurred on the acquisition, production or construction of assets by other than the local authority which would be capital expenditure if those assets were acquired, produced or constructed for use by the local authority must be treated as capital expenditure. As a result, our loans to Warwickshire Property and Development Company for the development of assets will form part of our capital programme.

Guiding principles for our Capital Maintenance

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 Services 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; or
- Annual cost of equipment and/or vehicle replacement programmes.

Our annual maintenance programme totals £28.911 million of which £10.682 million a year is funded from borrowing plus a £3.000 million allocation from the Government's Schools Condition Grant received for schools and the grant received from Government for highways maintenance of £15.229 million. The split of this annual maintenance allocation between Services, including schools' elements, but not containing £2.000 million delegated to members for their areas, is shown below.

Maintaining assets to ensure continued service delivery

- Household Waste Recycling Centres £80,000
- Highways maintenance and street lighting £ 15,229,000
- Non schools building maintenance £2,122,000
- Country Parks, Gypsy and Traveller services £220,000
- Rural services £356,000
- Schools building maintenance £6,988,000

Health and safety and other regulatory requirements

- Casualty reduction £350,000
- Adaptations to support child placements £125,000
- Non schools asbestos and safe water £325,000
- Flood Defence £200,000
- Schools asbestos and safe water £746,000

Equipment and vehicle replacement programmes

- Information technology infrastructure £400,000
- Equipment for fire engines £120,000
- Replacement of vehicles £ variable

Annex C summarises the prioritisation methodology that will be used through to 2026 for each of the elements of the rolling maintenance programme.

Guiding principles for our Capital Investments

Capital Investment: Non-Schools

Any capital spending not included in the recurring 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 Authority towards the delivery of the corporate outcomes.

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.

We operate a clear and transparent corporate approach to the prioritisation of all capital spending.

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 are 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 or the Deputy Leader as Portfolio holder for Finance and Property for approval. For vehicles, plant and equipment this approval is delegated to the Assistant Director - Finance. Any scheme costing above £2 million requires the approval of full Council, regardless of funding source or expenditure type.

To ensure widespread support for the investment programme all proposals are subject to an officer technical scrutiny process and Gateway Group endorsement prior to being considered by Corporate Board and ultimately by Members, as required under the Council's Financial Regulations. 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.

The technical scrutiny process and Gateway Group use a structured evaluation process that assesses:

- What we are trying to achieve for Warwickshire residents, businesses and visitors by investing;
- 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 schemes to Members for approval. If the total cost of a scheme is less than £2 million this approval is by the Leader or Cabinet. Schemes over £2 million require the approval of full Council. A summary of the evaluation criteria and their relative weighting is attached at **Annex A.** In response to the climate change emergency, the evaluation criteria specifically require that every new investment scheme explains how it will contribute to addressing climate change.

Annex B lists our capital investment priorities. Business cases will be completed and assessed through the evaluation process outlined above before funding allocations are approved and projects formally added to the Council's capital programme.

Currently the Council does not make investments in the commercial property market purely for the purpose of generating a financial return. The Council owns a small number of assets classified as Investment Properties, but these are primarily assets whose usage has changed over time and that now fall into this category, income from these assets is immaterial.

Warwickshire Property and Development Company

On 7 February 2020 Council approved work to commence on the feasibility of a wholly owned Property and Development Company to increase the value generated through a more effective use of our land and property assets in support of the Council's key objectives and outcomes.

In October 2020, following consideration of the business case, Cabinet approved the creation of the wholly owned company. The set-up of the company and the development and then approval of their first annual business plan is now underway. Once complete, individual sites contained in the business plan will go through an evaluation and assurance process by the Council, as the shareholder, that will include consideration of the affordability and prioritisation of the investment proposals relative to other elements of the Medium Term Financial Strategy and capital investment priorities. Only once this process is complete will any loans to the company that constitute capital expenditure be approved and added to the capital programme.

Any such approvals will increase our underlying need to borrow. The strategy for borrowing externally in order to finance the company and associated capital expenditure is reflected in our Treasury Management and Investment Strategies.

Warwickshire Recovery Investment Fund

The Warwickshire Recovery Investment Fund is still in its early stages of development. Any aspect of this which constitutes capital expenditure will be required to be included in the capital programme and capital strategy with detail on how this will be funded. This will also be reflected in our Treasury Management and Investment Strategies.

The impact of the Warwickshire Recovery and Investment Fund (WRIF) will be reflected in an updated version of this document, to be reported to Cabinet in January 2021 alongside the report seeking approval of the WRIF.

Capital Investment: Schools and Educational Facilities

It is the Council's role to plan, commission and organise education places in a way that promotes improved standards, manages supply and demand and creates a diverse infrastructure. The strategy supports the provision of accommodation, whether permanent or temporary, that is high quality, fit for purpose, provides value for money and ensures flexibility to respond to changes in need and curriculum. Whilst the Council is not responsible for Academy schools, our strategy includes them as education providers within the county as it is the Council's statutory duty to ensure sufficient school places.

School-level forecasts of future pupil numbers are produced each year on the receipt of the latest population data from the health authorities and the latest data on parental preferences and housing development numbers. The level of surplus capacity available in Warwickshire schools varies from area to area, with extremely low levels of surplus capacity available in urban areas, particularly across the primary phase of education. In contrast to this, higher levels of surplus capacity are recorded in the county's rural areas. There is a need to maintain a certain amount of capacity within a given area to allow for flexibility to enable in-year movement of pupils, to meet parental preference as much as possible, and allow families moving to an area to be able to secure a place at a local school or for each of their children at the same school. Consideration for the quality of the education provision available in any area is also included when planning for sufficient places.

Capital allocations to meet projected shortfalls in provision are provided by the Education and Skills Funding Agency to all local authorities. However, there is pressure on capital budgets for new school places across the country and it is likely that allocations will continue to be limited for the foreseeable future. It is important, therefore, to consider value for money in the process of commissioning school places. Where new housing development creates a demand for school places in excess of those available, we will work with District and Borough Councils and developers to ensure that the appropriate contributions for the provision of additional school places are given. We will seek the maximum contribution from developers to support the provision of additional places that we believe is proportionate to the impact of the development ensuring all requests for contributions are compliant with the relevant legislation.

Warwickshire is in a period of significant growth, with large scale housing development proposed across the county over the next 10 years and beyond. It is expected this will require additional education provision for Warwickshire children. As development progresses across the county there will be a need for the delivery of new provision during the next 5 years and effective planning for further new provision beyond that period.

Further details on education investment planning can be found in the Education and Learning Sufficiency Strategy – see **Annex D** for link.

Guiding principles for our Capital Funding

Capital Receipts

Through our approach to asset management planning (see **Annex D**), 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; and

- 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 offset the requirement for additional debt, with a consequent reduction in the Council's borrowing costs. 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. Therefore, our approach to the use of capital receipts enables capital spend to be fully financed before additional borrowing is required, this delays the need to incur additional borrowing and therefore avoids incurring the requisite revenue costs to finance the borrowing.

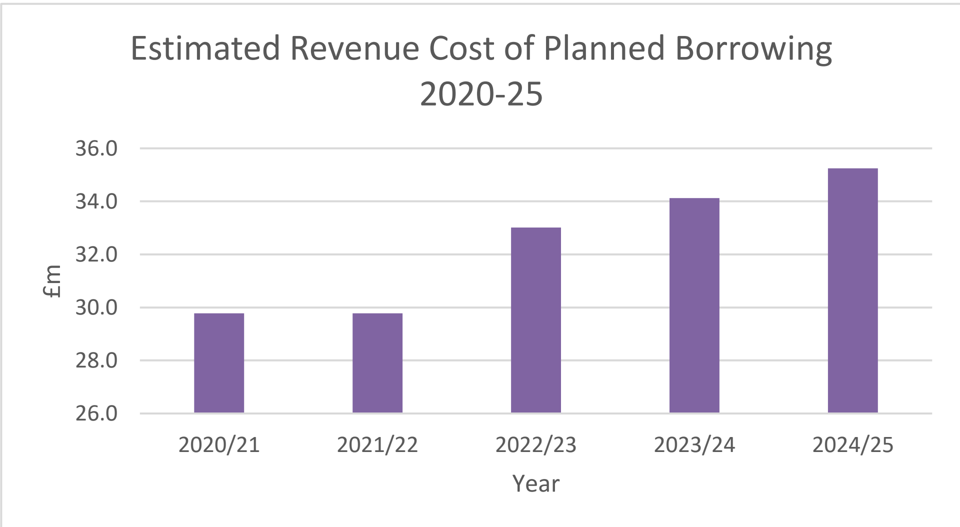
Borrowing

We are required, by statute, to base our approach to borrowing money for financing the capital programme 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 £35.600 million borrowing each year is affordable within the 2021-26 Medium Term Financial Strategy and is deemed to be the minimum level of borrowing needed over the medium term to support the delivery of the Council Plan objectives. The impact on the Revenue Plan of borrowing 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, its main financial management purpose is to ensure sufficient funds are set aside to repay the principle amount of borrowing when loans mature.

To forecast future years' revenue costs as a result of borrowing, we must consider both historic levels of expenditure funded from borrowing, the full cost of the existing capital programme funded from borrowing, and any decisions Members make to take out further borrowing in future years. We estimate that the total revenue cost as a result of past and planned new borrowing from these two charges will be as follows:

The impact of WPDC and the WRIF will be reflected in an updated version of this document, to be reported to Cabinet in January 2021, alongside the reports seeking approval of the WRIF and WPDC. This includes updating the Chart below.



Provision for these estimated costs are included as part of the Medium Term Financial Strategy. The figures do not include any cost of borrowing to support the activity of the Warwickshire Property and Development Company, which will be funded through charges to and surpluses generated by the Company.

Further details of anticipated borrowing levels, forecast repayment schedules, our detailed approach to the Minimum Revenue Provision and the framework within which we make decisions about debt and investments can be found within our Treasury Management Strategy (**see link in Annex D**). Our modelling of future debt levels, detailed within the Treasury Management Strategy, can be compared to our Operational Boundary and Affordable Limit, two of the key indicators within the Prudential Framework. This shows that our approach of determining borrowing affordability from the position of ongoing revenue resource availability ensures we will remain financially sustainable and that we will not commit the Council to future costs it cannot afford by committing to sensible, prudent levels of borrowing.

We recognise that significant drivers of additional capital spend exist both in terms of providing additional school places, growing our business rates and council tax taxbases and providing the additional infrastructure needed as a result of housing growth. Where affordable, we will use the additional revenue resources from growth in the taxbase above the level assumed in the 2021-26 Medium Term Financial Strategy to expand our Capital Investment Fund. Through this approach we are able to support an expanded capital programme and drive economic growth and activity across the county.

Capital Investment Fund

Our flexible approach to utilising the 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, through the agreed capital framework. 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, a further year's allocation of £24.9 million is included as part of the MTFS for 2025/26.

Accounting for Leases

On 1 April 2021 we will adopt a new accounting standard for leases (IFRS16). This means that for all leases where we are the lessee, our right-to-use the asset will be recognised and we will account for the lease as though we had purchased the asset. There are two exceptions to this where the value of the asset leased is below our £6,000 de minimis or the remaining term of the lease is less than a year.

Existing leases will be brought onto the balance sheet. The introduction of increased numbers of leases onto the balance sheet will increase the level of capital spend to be financed i.e. the Capital Financing Requirement. Without any other change this would increase the amount we are required to set aside in the revenue budget to repay debt. However, we are already making lease rental payments from revenue budgets for these assets and therefore, to avoid paying for the leased assets twice, an adjustment will be made to ensure a "net nil" effect on the revenue budget.

For assets under contracts entered into from 2021/22 onwards, the annual MRP charge will match the element of the rent/charge that goes to write down the balance sheet liability, to reflect accounting changes under IFRS16.

Capital Financing Requirement

Where capital expenditure is to be financed from borrowing, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically yet to be financed.

At 31 March 2020 the Capital Financing Requirement was £289.8 million. The Council sets aside annual amounts from its revenue budget called Minimum Revenue Provision of £12.0 million to reduce this balance. This means it will take an estimated 25 years to clear the current balance, this is aligned to the average useful life of our assets. The Council's current strategy to reduce this balance is to continue to set aside the annual charge whilst utilising available capital receipts to offset any further need to borrow as a result of increasing capital programme activity.

The annual increase in the Capital Investment Fund of £24.9 million means that capital receipts alone will not be able to finance the increased capital programme in the medium term, therefore, provision has been made in the Medium Term Financial Strategy to increase the annual revenue charge to pay down the forecast increase in the Capital Financing Requirement.

Making It Happen

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.

In order to ensure our staff are equipped with the right training and knowledge to deliver the capital programme, a suite of e-learning materials and guidance notes are made available to all project managers and finance staff explaining the rules and principles underpinning capital expenditure and financing. Guidance on monitoring and approval processes for capital expenditure is made available to all staff on our intranet.

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 that need more detailed consideration or investigation, 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; and
- 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.

Capital projects are approved through the capital gateway process and will be more closely monitored through the capital framework which will rely on a methodology to classify and define stages/phases of delivery for our capital investments. The framework will have a clear definition and understanding of the quality of Capital Programme delivery to help us learn and drive improvements.

Annex A

Summary of Capital Investment Fund Scheme Evaluation Criteria

Warwickshire's communities and individuals are supported to be safe, healthy & independent	Warwickshire's economy is vibrant and supported by the right jobs, training and skills and infrastructure	Making the best use of available resources: delivery of savings/generation of income
10% - delivery of the strategic objective	10% - delivery of the strategic objective	10% - alignment with the organisation's other strategic objectives
40% - Alignment with the investment criteria of the capital strategy (Supporting People)	40% - Alignment with the investment criteria of the capital strategy (Shaping Places)	40% - Alignment with the investment criteria of the capital strategy (Optimising Delivery and Maximising Resources)
40% - achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk	40% - achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk	40% - achievability, quality of evidence base, duration of required investment, rational evaluation and challenge of options, financial viability and risk
10% - Sustainability, climate change and environmental impact	10% - Sustainability, climate change and environmental impact	10% - Sustainability, climate change and environmental impact

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 evaluation criteria will be approved by Gateway Group which will ensure that the bidding process should consider, even where environmental sustainability is not a big issue, whether the preferred option/approach is the best one for environmental sustainability and comment and filter schemes accordingly

Annex B

Capital Investment Priority Outcomes

The table below shows the Council's capital investment priorities. Business cases are still to be completed that demonstrate the contribution of the new assets to the delivery of the corporate outcomes and the Recovery Plan, the financial costs and benefits over the short, medium and long term funding allocations are approved and projects formally added to the Council's capital programme.

Pillars	Capital Investment Priorities
Supporting People	✓ Quality and accessible education spaces for all school children in Warwickshire ✓ Special Educational Needs and Disabilities and Inclusion transformation programme ✓ Demand management in social care services, including supported accommodation and accommodation with support ✓ Management of the market for social care, including the rising cost of placements ✓ Help for residents to lead a healthy lifestyle
Shaping Warwickshire	✓ Improvements to the Fire and Rescue Service estate ✓ Ambitious schemes to shape Warwickshire and individual parts of it, progressing housing and area regeneration schemes targeting Rugby, Nuneaton and North Warwickshire ✓ The future role and sustainability of town centres ✓ Business innovation and investment to drive economic growth ✓ New employment space for the growing gaming and digital creative sector in Leamington ✓ Initiatives which contribute towards employment skills and skills development
Optimising Delivery and Maximising our resources	✓ Better ways of delivering services, such as libraries and heritage/culture ✓ Effective and accessible services to residents, communities and staff through investment in digital, ICT services and capacity ✓ Investment to maximise the effectiveness of our property estate as part of a future plan for the use of our buildings ✓ Maximising our commercial approach to generate income and grow the tax base to support benefits for Warwickshire. ✓ Making best use of our assets for service delivery, data and information strategy
Climate Change	✓ A transport network that supports a low carbon future and rural connectivity to places of work, reducing congestion and enabling growth in housing ✓ Support for businesses to reduce their environmental impact, energy usage and emissions ✓ Increase the amount of renewable energy generation in the county as well as decrease emissions of carbon dioxide

Pillars	Capital Investment Priorities
	✓ Increase biodiversity and ecology through green corridors, environment banks and tree planting

THIS LIST WILL BE SUPPLEMENTED BY THE PRIORITIES IN THE 2021/22 AGREED BUDGET RESOLUTION

Annex C

Prioritisation of the Annual Maintenance Programme

Given the announcement of a climate change emergency, all annual maintenance programmes are expected to consider how the programme of works can contribute towards addressing climate change.

Flood Defence

Prioritisation Methodology

Capital spend on Flood Risk Management in Warwickshire is primarily through the delivery of Flood Alleviation Schemes.

These schemes are funded through Flood Defence Grant in Aid (FDGiA), and Local Levy as part of the Environment Agency (EA) led six-year national programme. This funding is based on the number of properties better protected from flood risk, and other assets such as highway and private land do not attract such funding.

The locations for capital schemes are prioritised using the outputs from the Warwickshire Local Flood Risk Management Strategy (LFRMS) and Surface Water Management Plan (SWMP). These documents assessed the flood risk across the County using both historical reports and predicted risk to produce a ranking score of risk for every square kilometre of the county. Areas at the highest flood risk have been prioritised for feasibility assessments for potential schemes. These schemes are then submitted to the EA to secure an indicative allocation within the six-year programme. To unlock this allocated funding, WCC must produce a business case for approval that shows the scheme is viable and meets the funding rules. Due to the dispersed nature of the villages at risk in Warwickshire, the schemes are smaller in nature and a contribution from WCC is usually required to secure the funding. A bid is made into the Capital Investment Fund for this contribution when required.

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.)

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 and Street Lighting

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 3' and, therefore, achieving the highest 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 Strategic Asset Management team. 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. Projects are reprioritised and planned maintenance programmes managed to the bottom line budget.

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); and
c) Schemes that lever out match funding.

Winter Works programme is developed in early autumn for delivery November - Easter. Resourcing is a blend of Country Park staff, volunteers, partners and contractors in order to maximise what is achieved within the allocation. Certain works are completed outside of that period due to ground conditions, weather etc.

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.

Common emergency works include repairs to paths / roads / furniture / play areas affected by flooding and severe weather events. Timely repair is undertaken by Ranger teams with occasional use of external contractors.

Estate management includes surfaced paths, play areas, bridges, fencing, board walks, bird hides, fishing pegs, shelters, revetments, barriers and payment machines, signage, vehicles, plant and equipment, sculptures and art installations, habitat creation and restoration, and a host of other built and green infrastructure within the parks.

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; and
- 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 and those who leave care through adoption and special guardianship

Prioritisation Methodology

Applications are invited from foster carers, prospective adopters, special guardians who are approved or judged to be able to provide the necessary care to the child. Social Workers of children can also apply on behalf of the birth parent following agreement from their manager. 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. In the case of parents it must be shown that capital investment to property for example will support a child to remain at home. There is an application process, endorsed by the relevant operations manager, which is considered by a panel which is chaired by a Service Manager and include a finance representative. The decision to award the grant is made at Service Manager level within the Business Unit, with reference to and oversight from the Head of Service.

Balance of Planned Maintenance and Emergency Work

All planned Grants will be approved though 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; and
- 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.

Annex D

Links to Related Documents

TO BE UPDATED AND LINKS INSERTED IN THE FINAL DOCUMENT

Asset Management Strategies

- The Asset Management Framework and Property Strategy
- The Highways Asset Management Strategy and the Highways Asset Management Policy
- The ICT Devices Strategy
- The Education and Learning Sufficiency Strategy
- County Fleet Replacement Strategy

Treasury Management and Investment Strategies

- The Treasury Management Strategy
- Investment Strategy
- Minimum Revenue Provision Policy

Other relevant plans and documents

- The Council Plan
- Commercial Strategy
- Risk Management Strategy
- Reserves Strategy
- WPDC Business Plan