

**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**

Contents

	Page
1 WHAT IS THE CAPITAL STRATEGY & WHY DO WE NEED IT?	2
2 INTRODUCTION AND BACKGROUND	3
3 THE CORPORATE APPROACH	5
4 CAPITAL MANAGEMENT AND REPORTING	9
5 ALLOCATION AND PRIORITISATION OF RESOURCES	12
6 CONSULTATION	17
7 PARTNERSHIPS AND JOINT WORKING ARRANGEMENTS	17
8 MONITORING & REVIEW	18
9 RISK MANAGEMENT	18
10 PERFORMANCE MANAGEMENT	19
11 APPENDICES	19

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

1 WHAT IS THE CAPITAL STRATEGY & WHY DO WE NEED IT?

- 1.1 The Council's Capital Strategy was first published in 2006. This is therefore the first update of that initial strategy. The Capital Strategy is a key corporate document which sets out Rossendale's plans for investing in both its own assets and in those of its partners with the aim of delivering high quality, effective services to its residents. The Strategy sets out the boundaries within which the Council will work in terms of resources and strategic priorities and provides a framework which guides decision on capital investment
- 1.2 The Council's resources for capital investment are limited and the pressure upon them will undoubtedly increase over the medium term particularly as we face a significant economic downturn. Therefore this Strategy is important, as it not only sets out the position the Council is currently in but also assesses what the Council's circumstances might be over the next three years.
- 1.3 The Strategy was last produced as a joint document in conjunction with the Council's Asset Management Plan in 2006 and many of the themes and principles it contained are relevant today. However, this document provides a timely update of the Strategy for the period 2009/10 to 2011/12. The Strategy has been reviewed in light of a revised Medium Term Financial Strategy (MTFS) and with the updated Asset Management Plan (AMP) in place. Whilst the capital strategy informs and is informed by other key corporate documents, such as the Corporate Plan, it is particularly closely linked with these two finance based plans.
- 1.4 The Strategy is intended to be a living document and will be updated on a regular basis with approval by both the Council's Cabinet and Full Council

**Councillor Brian Essex
Portfolio Holder for Finance & Resources**

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

2 INTRODUCTION AND BACKGROUND

2.1 The District

2.1.1 Rossendale is a Shire District located in southeast Lancashire and covers an area of c. 140 square kilometres. It has a population of 66,000, 3.5 per cent of which are from a minority ethnic background. Its population density of 470 people per square kilometre contrasts markedly with neighbouring authorities to the south and north.

2.1.2 Centuries of sheep farming on the enclosed moorland gave way in the Industrial Revolution to textile mills, which in turn have been converted to footwear manufacture or other uses. A string of former mill towns – Bacup, Rawtenstall, and Haslingden - runs east-west along the narrow valley floor, the western end being connected to the motorway network via the M66.

2.1.3 Manufacturing, though a shadow of its former strength, still employs a quarter of the borough's workforce. Unemployment within Rossendale is low (3.5%), and the economic activity rate is 20% lower than the national average. However wage rates within the borough are low. People who work in the borough earn a median weekly wage of £329, 31% below the national average.

2.2 The Council and its Capital Investment

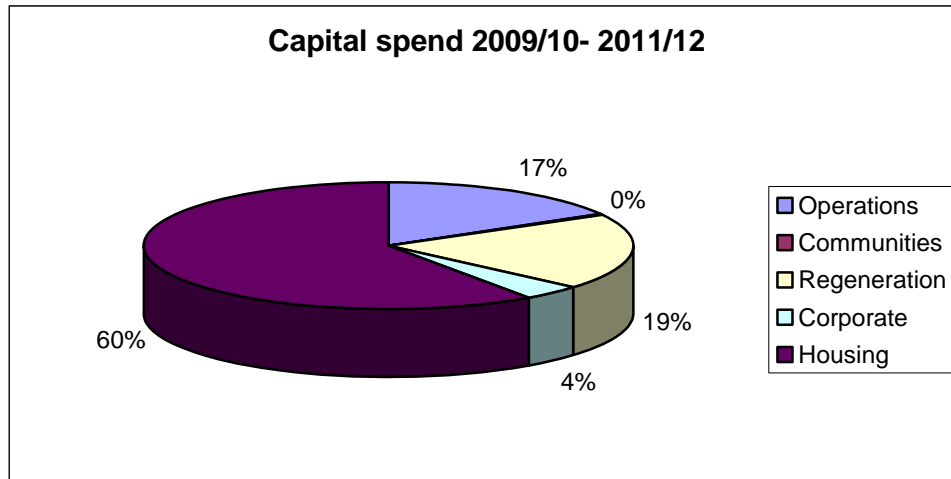
2.2.1 The Council is comprised of 36 members representing 14 wards and has a Cabinet comprising six Portfolio Holders and a Leader. In the recent "Use of Resources" Audit the Council was scored at 2 meaning that the Council had adequate arrangements to manage its use of resources and in line with a number of other Lancashire districts, rated more highly in the last Comprehensive Assessment Process (CPA) being rated as a "good" Council. The Council is committed to providing excellent services to its community and has an annual Corporate Plan in place to address the areas which must be improved to achieve this.

2.2.2 Rossendale's capital programme is its approved plan for investing in its own assets and also those of some of its partners. The programme details capital schemes planned for the current and forthcoming 2 years. The schemes within the programme have been specifically approved by the Council and are in various stages of progress. In addition, any new schemes during the year will be approved by Members.

2.2.3 The Council is proactive in working with its partners for the benefit of its community and is proactive in improving its abilities to securing grant funding. This results in the Council having numerous partnerships and whilst many do not impact upon the Council's resources (other than

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

officer time) they are used as vehicles to support and invest in the totality of the Borough. The Council's capital programme plays a key role in such investment. The Council's currently approved programme of capital investment for the period 2009/10 to 2011/12 totals over £14m and is summarised below:



ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

3 THE CORPORATE APPROACH

3.1 How the Council's Direction Informs the Capital Strategy

3.1.1 The Council's highest level strategic plan is its Sustainable Community Strategy, agreed jointly by all members of the Local Strategic Partnership (LSP). This 10 year strategy sets out the Partnerships future vision for the Borough ("Rossendale Alive") and is informed by extensive consultation with its residents and partners. The Sustainable Community Strategy focuses on people, places and prosperity and sets out the following priorities.

- Encouraging healthy and respectful communities
- Promoting the borough
- Providing value for money services
- Delivering regeneration across the borough
- Delivering quality services to our customers
- Keeping the borough clean, green and safe.

The chart at Appendix 3 shows a visual representation of how the objectives of the LSP and the Council work together.

3.1.2 Whilst the 10 year Sustainable Community Strategy provides the strategic direction of the Council, the Corporate Improvement Plan sets out the Council's activities and priorities over the medium term. This plan shows how the Council will deliver services to achieve its strategic goals

3.1.3 The Council's services are split within six "portfolios", each being the responsibility of a nominated Councillor (Portfolio Holder). Each Head of Service in association with the portfolio holder produces and updates a "Service business plan" which aims to deliver the objectives of the Corporate Plan. Business plans are based on rolling periods of up to three years and are used by the Council in developing annual corporate plan. Business plans are prime elements of the Council's planning process and are key in identifying requirements for capital investment. Such a proactive approach should minimise unforeseen demands on limited resources to items of an urgent nature.

3.2 Other Key Drivers and Strategic Issues

3.2.1 There are a number of factors which contribute to the Council's future direction and which impact upon its key strategic focus. External factors tend to influence the Council's direction whilst many of the internal factors are also influenced by the Council's direction but also themselves inform the decision making process and service planning mechanisms.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

3.2.2 External influences arise from national public sector issues and largely from central government. In addition the Council's interaction with its partners locally also contributes to its development and direction. Current external influences include:

- The Local Government White Paper 'Strong and Prosperous Communities'
- Local Government and Public Involvement in Health At 2007
- Comprehensive Area Assessment
- Use of Resources
- Community Call for Action (CcfA)
- Changes to the Capital Finance Systems;
- Government Connect
- The Sub National Review – Regional Strategy
- Climate Change
- Housing and Regeneration Act 2008
- The Planning Act 2008
- The Pitt Review
- Local Area Agreements
- Multi Area Agreements
- Housing Market Renewal / ELEVATE
- Planning policies (eg Local Development Framework, etc)
- The Sustainable Economic Development Plan
- Central government support through specific grants and revenue support grant
- The Prudential Capital Code and levels of borrowing

3.2.3 Internally driven issues include the development and update of key strategies, and plans. This document itself is one of these. Others include:

- The Medium Term Financial Strategy (MTFS)
- The Asset Management Plan (AMP)
- The Sustainable communities strategy
- The Locality Plan
- The Workforce Plan, Human Resources, Strategy & Organisational Development Plan
- The Economic Strategy
- The Local Development Framework
- Open Spaces and Play Strategy
- The Leisure White Paper and 2009 Review
- The Treasury Management Strategy
- The Risk Management Strategy
- ICT Strategy

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – July 2009

3.3 Medium Term Financial Plan (MTFS)

- 3.3.1 The Council's corporate plan is reflected in the medium term financial strategy of the Council. This recognises the resources at the Council's disposal. A particular aspect of the financial strategy is the recognition that the Council requires a robust capital investment strategy. The need to support the Council's corporate plan, ensuring the achievement of the overall priorities of the Council, means that an overview of the linkages between service specific strategies and plans must be taken in determining capital investment priorities.
- 3.3.2 The capital investment strategy has regard to identified service needs and objectives including any new statutory obligations which are identified through the corporate/service planning process. This results in a fully costed three-year Capital Programme linked to the estimated resources available in each of the years. All capital projects must include the estimated revenue costs for a full financial year, which are accommodated within the medium term financial strategy of the Council. This ensures the consequences of the Capital Programme are affordable in terms of the Council's revenue budget. The medium term financial strategy and, as a consequence, the capital strategy are the subject of continuous review to ensure they accurately reflect the changing environment in which the Council has to operate. This is particularly important as the Council transforms to a commissioner of services, in order to increase its capacity to deliver first class services to its customers, and the inevitable and consequential impact of a reducing directly employed staff numbers.
- 3.3.3 The Council's budget is designed to address the longer-term sustainability issues surrounding capital investment and the contributions that may be required to earmarked reserves. It identifies the need to consider appropriate asset disposals coupled with the amounts included in the revenue budget to address long-term maintenance issues and significant non-cyclical expenditure. Underused and surplus assets which do not contribute to corporate priorities need to be identified as part of the service planning process, "Best Value"/ value for money or service reviews and specific property reviews undertaken as part of corporate asset management. Consultation procedures have been developed involving Members, Officers, interested parties or other stakeholders in respect of the future role of such assets.

3.4 Asset Management Plan

- 3.4.1 The Council has revised its Asset Management Plan in light of a number of data gathering initiatives, amongst other these include:
- Property stock condition surveys
 - Asbestos and Legionella audits
 - Open space audit
 - National Land and property gazetteer

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

3.4.2 It is envisaged that the Council will established a three level structure to deliver its capital investment programme and oversee management of assets, along the lines of:

- Capital Programme Steering Group (CPSG)
- Executive Management Team
- Cabinet Portfolio Holder for Finance and Resources

The CPSG comprises:

Officer	Role/Responsibility
Head of Financial Services	Executive Management Team Member, Financial advice and production of the Capital Investment Strategy.
Property Services Manager.	Asset Management, Capital projects planned public buildings repair, valuations and disposals.
Legal Services	Legal advice, Asset & Portfolio Management
Other Heads of Service / Managers - as appropriate	Specific service delivery aspects of asset management

3.4.3 The CPSG has a responsibility to report to the Executive Management Team on material asset management issues.

3.4.4 The Corporate Property Officer (CPO – Head of Financial Services) has overall responsibility for the management of Operational and Non-Operational Assets and to prepare and implement the Asset Management Plan (AMP). The CPO is a member of Executive Management Team and is consulted by all operational users in respect of their property requirements through the service planning process. The CPO oversees a team of officers responsible for the day-to-day management of the Non-Operational Investment Assets, and reports separately to the Executive Management Team for strategic decisions on individual assets.

3.4.5 The principal objective of the AMP is to ensure a planned and structured approach to the management, acquisition and disposal of assets to meet the needs of the Council's future strategy for service delivery. With this in mind, it is imperative that the disposal of assets is programmed in such a way and timed in respect of market conditions, as to support the generation of future capital receipts or revenue income.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

- 3.4.6 Further details will be contained in the updated Asset Management Plan.
- 3.4.7 The Cabinet and Portfolio Holder for Finance and Resources receive regular information on the performance of the non-operational asset portfolio and progress reports on the implementation of the Asset Management plan.

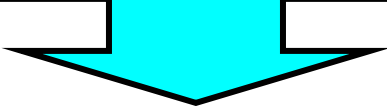
4 Capital Management and Reporting

4.1 Roles and Responsibilities


- 4.1.1 The capital programme falls under the remit of the Head of Financial Services and is managed day to day within Finance and Property Services. The programme is primarily informed by the Council's service business plans which are developed in line with key corporate plans and strategies and which set out key elements of individual services to be delivered between 1 and 3 years. The Council's AMP is a key document identifying corporate asset issues. Where these impact on individual services they feed into the capital programme via service business plans.
- 4.1.2 The key co-ordinating group which considers the capital programme is the CPSG in association with the portfolio holder for Finance and Resources. This group can receive bids for capital resources based on annual service plans or where schemes are deemed of an urgent nature as outlined below. It prioritises bids and makes recommendations for inclusion in the capital programme via the Cabinet to the Council. Other key groups inform this process as shown in the diagram on Appendix 1.
- 4.1.3 The MTFS sets out a timetable which includes the annual revision of service plans to reflect agreed corporate priorities. The service planning process should include an assessment of the capital implications of proposed investment in services. Consideration of bids for capital resources will be undertaken each year in line with the revenue budget-setting process in order that the revenue consequences of capital investment are clearly assessed and fed into revenue budgets. The overall process for a full annual review of the capital programme is as follows:

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

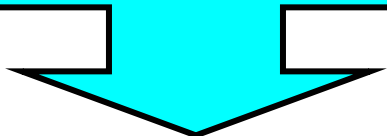
1 - Service plans updated and include the identification of capital requirements (informed by the AMP)



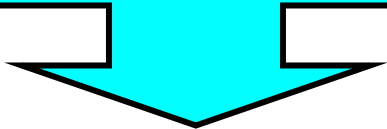
2 - Where external grant funding is a consideration then the scheme must first be assessed by the Head of Financial Services prior to stage 3.



3 - The CPSG objectively assesses bids against the capital prioritisation schedule agreed within the MTFS and reviews the impact on revenue and other prudential indicators



4 - The CPSG makes recommendations through Cabinet so that the capital programme is adopted by Council at the Budget and Council Tax setting meeting



5 – The agreed capital programme is monitored on a monthly basis by the financial services department. Heads of Service are ultimately responsible for capital schemes within their services. Financial services report to Cabinet on a regular basis to provide an opportunity to amend the programme for any known changes.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

4.1.4 Key issues to be included by Financial Services during such updates include:

- Changes to funding of schemes (whether in total, or by funder)
- Changes in costs
- Changes in priorities (new and emerging priorities)
- Changes to the timescales of schemes
- Changes to scheme outputs

4.1.5 Schemes will only normally be considered for entry into the programme following their having been identified as a requirement within the annual review of the particular service and portfolio plans. Exceptions to this will only be made where works are required which are unforeseeable or of an urgent nature or where an investment opportunity will provide future savings i.e.

- Where there is a significant and immediate danger on health and safety grounds.
- Where failure to undertake works would result in immediate and significant monetary loss to the Council

Where such schemes arise and are agreed to fall into one of the two above categories by the Executive Management Team then the scheme will not be subject to the capital appraisal process referred to in 4.1.3 (above). The reasons for the scheme falling outside the normal capital appraisal process will be reported to Cabinet and Council during the normal capital programme reporting arrangements.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

5 ALLOCATION AND PRIORITISATION OF RESOURCES

5.1 Overview

- 5.1.1 The Council will focus investment in its assets in order to deliver its key objectives as identified through the Community Strategy, the Corporate Plan and Service Business Plans. Such investment will also take account of pressure from other corporate issues such as asset management issues and central government directives. This Strategy sets out the overall scenario within which it is envisaged that the Council might find itself over the period to 2011/2012. This includes identifying likely requirements for resources which fall outside of the currently approved capital programme. Whilst this is important in raising awareness of pressures on limited resources it doesn't commit the Council to any investment outside of the current capital programme. It is imperative that assumptions are reviewed on a regular basis in order that changes in circumstances are built in to future updates.
- 5.1.2 The Council does not allocate block funding of capital resources to key priority areas, portfolios or services. There is however ring-fencing of resources is as a result of grant funding restrictions such as implementing ELEVATE grants. Where projects “slip” between years the allocated funding will be rolled forward for that project unless priorities have altered.

5.2 Capital Expenditure in 2008/09

- 5.2.1 The capital programme for 2008/09 has under spent when compared to original and revised estimates as shown below

Table 1 – 2008/09 Capital Expenditure

	Original Budget £000	Forecast £000
Operations	1,164	751
Customers Services	105	131
Communities	115	87
Regeneration	44	16
Corporate	732	698
Housing	3,614	3,322
Total	6,014	5,005

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

5.2.2 The major reasons for the change in planned expenditure is the slippage of c. £800,000 of spend to be carried forward into 2009/10.

5.3 The Council's Current Approved Capital Programme

5.3.1 The Council's summary capital programme shown by portfolio and indicative financing from 2009/10 to 2011/12 is shown in the following tables with the detailed programme shown in the annual Capital approval report to Members.

Table 2 - Rossendale's Approved Capital Programme March 2009

	2009/10 £000	2010/11 £000	2011/12 £000	TOTAL £000
Operations	1,224	564	609	2,397
Communities	15	15	0	30
Regeneration	1881	915	0	2796
Corporate	347	205	0	552
Housing	2,993	2,812	2,812	8,617
Total	6,460	4,511	3,421	14,392

Included in above is £831k of Capital Expenditure carried forward from the 2008/09 programme.

In addition to the approved programme (which takes account of schemes up to 2011/12), it is important to build in assumptions in respect of emerging pressures in respect of the Council's priorities, works of corporate importance and arising from central government initiatives.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

5.3.2 In particular additional capital pressure outside the programme may include:

- A new civic facility following the redevelopment of Rawtenstall Valley Centre. No site or costs have been calculated, however the Accommodation Strategy concluded that, assuming receipts are realised as planned, resources available to support a new civic building would total £1.6m though in part this was based on realising at least £1m from the Councils – in light of the current economic climate it would not be prudent to rely on these historical assumptions.
- Further backlog maintenance, potentially in addition to budget provisions already made.
- Capital required supporting the Councils ICT strategy. In particular the Council has recently released itself from a long term contract for the management of the Council's IT infrastructure. New hardware needs and resourcing may need to be addressed.
- The Strategic Housing function. The Council still retains responsibility for strategic housing. The development of a Housing Strategy may have implications for the future in the allocation of capital for Housing purposes.
- The Council is currently undertaking a strategic review of leisure which may require significant capital investment.

5.3.3 At the time of writing the Council funds its capital programme solely from cash resources i.e.

- Capital Receipts
- Grant Funding
- Earmarked Reserves and Balances
- Internal cash holding

The following table provides estimates of likely resources to fund the capital programme over the current and forthcoming three years.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

Table 4 - Rossendale's Indicative Capital Resources 2009/10 to 2011/12

	2009/10 £000	2010/11 £000	2011/12 £000	TOTAL
Grant Funding	4,919	3,981	3,096	12,026
Capital Receipts	375	375	100	850
Capital Reserves	1,262	-	-	1,262
Revenue	210	210	210	630
Borrowing	-	-	-	-
Total Resources	6,766	4,566	3,406	14,738

Certain assumptions have been made in assessing the likely future resources to 2011/12. Key assumptions are as follows:

- £550k as from the LSVT contract with Greenvale Homes (in relation to tenant's retained Right to Buy) will be received over the 2 years 09/10 & 10/11. The contract ends in 10/11
- £210k per annum is available as a revenue contribution to capital from the Greenvale Homes VAT shelter contract.
- £100k per annum will be raised from other land and property sales. (No assumptions made in relation to the Valley Centre)
- Housing Grants - at the time of writing have yet to be confirmed. Any change to the above housing grant assumptions will have a reciprocal impact on the Housing expenditure programme.

It can be seen that based on current estimates and making the assumptions above, there is a surplus in resources over the 3 year period of approximately £346k. The table below shows the predicted timescale over which capital resources are being utilised:

Table 5 – Capital Pressures versus Resources Required

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
RBC Resources	6,766	4,566	3,406	14,738
Resources Applied	6,460	4,511	3,421	14,392
Available Resources	306	55	(15)	346

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

NB - The above does not allow for additional capital pressure as previously noted in 5.3. 2 above.

5.3.3 The position in respect of resources will be kept under review, particularly as capital projects often “slip” in terms of timescale. In order to maximise resources the Council should seek the following action:

1. Regularly review and reprioritise the capital programme in order to maintain investment within available resources.
2. Identify surplus existing assets which might be sold to produce additional capital receipts
3. Consider financing direct from a revenue budget
4. Consider the use of the Prudential code so long as a financial business case exist to service both interest and principal repayment costs.

5.4 Prudential Capital Indicators

5.4.1 The introduction of the Prudential Capital Code in 2004 gave authorities more freedom to borrow for capital investment. The Code also places a requirement on Councils to assess their capital projects for affordability, sustainability and prudence and a number of key indicators are calculated which are used in assessing this. Rossendale’s prudential indicators are shown at the annual Medium Term Financial Strategy (Appendix - Treasury Management Strategy).

5.5 Future Capital Investment

5.5.1 The Council has six stated corporate priorities:

- Encouraging healthy and respectful communities
- Promoting the borough
- Providing value for money services
- Delivering regeneration across the borough
- Delivering quality services to our customers

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

- Keeping the borough clean, green and safe.

5.5.2 It is clear that the Council's future approach to capital investment must be robust in order that finite resources are targeted towards schemes which directly contribute to achieving the Council's corporate aims. The Capital strategy therefore includes a capital investment appraisal tool to assess proposed capital schemes. A copy of the appraisal tool is shown at Appendix 2 which will be used in the process described in section 4 and will:

- Comparatively rate schemes competing for limited capital resources in preference of those detailed areas of priority emerging from work undertaken described in 5.5.1
- Identify schemes which fall below a minimum score and which will therefore not be undertaken at all.

5.5.3 The prioritisation model gives additional funding to those schemes attracting external support. The capital programme must also be deliverable in terms of capacity and it is important that in assessing how a scheme scores through the prioritisation process, due account is taken of the potential impact on project managers' and support service workloads. In addition the approval process should also target resources to schemes which:

- Reduce the Council's risk exposure
- Reduces longer term revenue liabilities
- Results in reductions in revenue costs

5.5.4 The inclusion of capital projects during the service planning process will ensure such assessments are made.

6. CONSULTATION

6.1 Listening to the Views of its Partners and Residents

6.1.1 Rossendale Council is proactive in listening to the views of its stakeholders. As part of the 09/10 budget process customers were asked to identify their key priorities for investment. These views will also help inform this document and the Council's future investment. In addition, the draft of this document will be published on the Council's website in order that interested parties may submit comments. Rossendale also makes use of a "citizen's panel" who will be asked whether they would like to become more involved in informing the Council's financial decisions.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

7 PARTNERSHIPS AND WORKING ARRANGEMENTS

7.1 Joint Working

7.1.1 The Council is involved in extensive partnership working with numerous partnerships. However, Rossendale is keen to ensure that its involvement in partnership working is focussed on providing a better life for its community. Portfolio plans have been and continue to be rigorously scrutinised by EMT, Leader and portfolio holders with specific and probing assessment of the benefits of partnership working.

7.1.2 Rossendale Borough Council has made a strategic choice to move from a providing model to that of a capacity building model it is therefore actively involved in a number of partnerships with plans for fundamental changes with the introduction of at least two new service strategic partnerships. Current partnerships are:

- Local Strategic Partnership, a strategic partnership from the public, private, voluntary and community sectors. The purpose of the partnership is to promote the economic, environmental and social well being of the borough.
- Community Safety Partnership, which is working to reduce crime and fear of crime and to make Rossendale an even safer place.
- Rossendale Leisure Trust – Leisure Partnership established to manage the Council's leisure facilities and provide substantial additional capital investment over a long term period. The partnership is also designed to make a broader contribution to the Council's corporate priorities, in particular Healthy Communities.
- Voluntary Sector – the Council signed up to a COMPACT providing a framework for working with voluntary, community and faith sector organisations in the borough.
- Green Vale Homes – the housing association established following the large scale voluntary transfer of the Council's housing stock in March 2006.
- Strategic Waste Partnership: a strategic partnership for waste collection, recycling, disposal, management of open spaces and Environmental matters.
- Revenues and Benefits strategic partnership: a partnership for Revenues and benefits administration and management of the Council's One Stop Shop

7.1.3 Specifically in respect of capital, the Council has considerable experience of working with grant-funding partners, community groups and within such forums as the SRB, Groundwork, etc. which have achieved demonstrable savings on the procurement of capital assets. As

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

this document is written discussions are taking place with the other east Lancashire districts concerning procurement which will benefit Rossendale's capital acquisitions. Such working is seen as key to achieving efficiencies within the capital programme as explicitly covered within the Gershon review.

8 MONITORING AND REVIEW

8.1 Ensuring the Capital Strategy is Meaningful and Current

- 8.1.1 The Council's Portfolio Holder for Finance & Resources commented on the first page that this strategy is intended to be a living document. The assumptions, estimates and forecasts contained within must be regularly updated and reassessed in the light of changing circumstances. Therefore it is intended that the Capital Strategy will be reviewed annually to ensure that it provides a valuable source of key capital investment information. Paragraph 4.1.3 sets out the timetable for the capital programme to be reported to and agreed by members. The capital strategy will be updated and submitted via Cabinet to Council along with the updated capital programme.

9 RISK MANAGEMENT

- 9.1 There are many risks involved in delivering capital projects. The Council's overall approach to risk management has improved over recent years and is becoming more embedded in the organisation. The Council's Project Management arrangements ensure that risks are analysed, assessed and documented before the project is formally approved. The Council's project management arrangements also provide for risks to be kept under review throughout the life of a project and also at the end of a project. Risks can be taken, avoided or minimised as roles and responsibilities are clear and resources are effectively utilised. Where the Council does not have the skills or capacity in-house to manage a project it is prepared to buy-in the resource thereby ensuring that any risks are managed more effectively.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

10 PERFORMANCE MANAGEMENT

- 10.1 Alongside a number of other management disciplines (particularly Risk and Financial Management) Performance Management is regarded as a high priority in Rossendale. The Council is committed towards the continual improvement of its performance management framework and embedding a culture of performance management throughout the Council and in its work with partners.
- 10.2 To achieve this the Council has put in place a robust Performance Management Framework, based upon the use of accurate and reliable performance information. The purpose of the framework is to enable the Council to monitor progress towards achieving Rossendale's corporate vision and priorities by continually checking it is achieving the targets it has set itself and taking action to review and improve performance where it is not.
- 10.3 In addition to help improve the Council's performance information and management arrangements and integrate key management processes the Council has worked hard to develop and implement its use of the 'Covalent' Performance Management software system (a web based performance management tool with access for both Members and Officers)
- 10.4 Significant progress has been made in using the system to collect, monitor and report upon a wide range of performance, risk and Key Success Indicators. Over recent years its use has been extended beyond a system which monitors performance information to one which helps managers, staff and Members understand how the performance management framework fits together and monitors progress against a wide range of aims and objectives.
- 10.5 A diagrammatic representation of the Council's Performance Management Framework can be seen in Appendix 4. It can be seen from the diagram that, amongst other things, procedures are in place to communicate results to stakeholders and that results are used to seek service improvements and achieve Council targets. In addition the measurement and monitoring of the Council's capital programme is presented to Council Members on a regular basis as part of regular financial monitoring to Cabinet throughout the year.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

11 APPENDICES

Appendix 1 – Diagrammatic Representation of the Capital Process

Appendix 2 – Capital Appraisal Tool

Appendix 3 – Rossendale Alive and the Council's Priorities

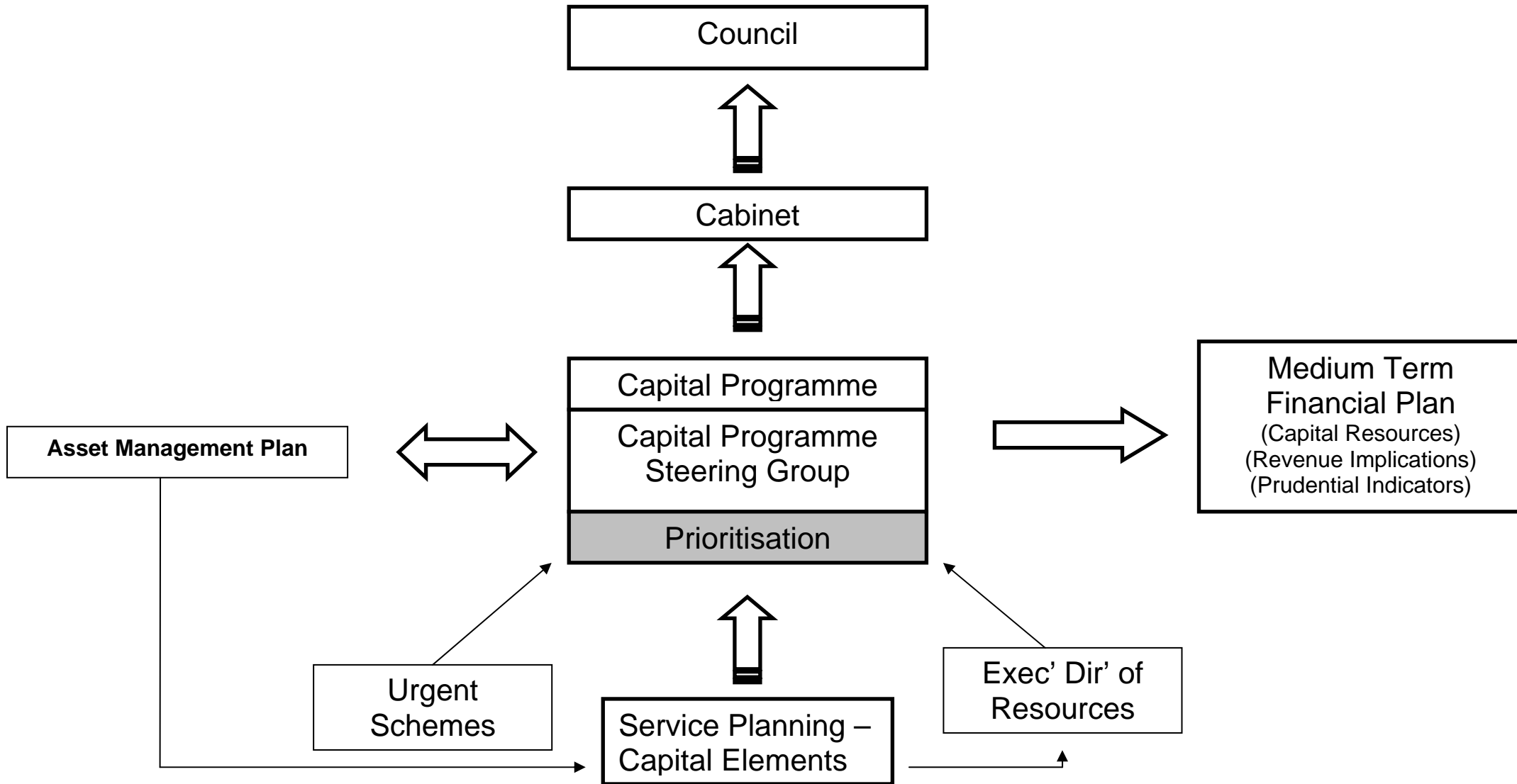
Appendix 4 – Performance Management Framework

Appendix 5 – Equalities Impact Assessment

**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**

The Capital Process

Appendix 1



**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**

Appendix 2

Budget Prioritisation - Scoring Guidance Capital Bids

Criteria	Scoring Method
<p>Contribution to Corporate Priorities :</p> <ul style="list-style-type: none"> ○ Encouraging healthy and respectful communities ○ Promoting the borough ○ Providing value for money services ○ Delivering regeneration across the borough ○ Delivering quality services to our customers ○ Keeping the borough clean, green and safe. 	<p>Score each one out of 10 based on the contribution made to each of the Council's corporate aims, where:</p> <p>13 = Achieves key objectives *</p> <p>11 = Significant contribution to key objectives*</p> <p>8 = Enables achievement of key objectives*</p> <p>6 = Contributes to the achievement of key objectives*</p> <p>0 = Does not contribute to the achievement of key objectives*</p> <p><i>(* key objectives are contained within Service Business Plans)</i></p>
Total Contribution Score	This is the total of the contribution scores against the three priorities.
Statutory / Mandatory / Discretionary	<p>This score adds a weighting to services/bids which have a statutory element:</p> <p>Score 10 points where provision is a statutory requirement</p> <p>Score 0 points for services where the Council can exercise complete discretion.</p>
Capital Funding Sources Available	<p>This score adds a weighting to lower value bids and which either have earmarked RBC funding available and/or have an ability to attract external funding e.g. grant aid or income e.g. fees and charges:</p> <p>RBC to fund:</p> <p>Score 2 points for schemes under £50,000. Score 1 points for schemes £50,000 - £99,999. Score 0 points for schemes costing £100,000+.</p> <p>and</p>

**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**

	<p>Score 0 additional points where there is no funding identified. Score additional 2 points where RBC funding is available. Score additional 2 points where up to 50% external funding is available. Score additional 4 points where over 50% external funding is available. or</p>
--	---

Criteria	Scoring Method
	Score 10 points where 100% external funding is available.
Revenue Implications	This assesses the Capital Bids in regard to whether there are any resulting revenue implications: Score 10 points where there is a surplus of income generated or significant revenue savings are achieved. Score 4 points where there are no additional revenue implications. Score 2 points where there are revenue costs but funding is already in place. Score -10 points where there are additional revenue costs with no funding identified.
Risk Factor	This score adds a weighting to bids based on a risk assessment of not undertaking the capital scheme: 10 = Very High Risk 8 = High Risk 6 = Medium Risk 4 = Low Risk 2 = Very Low Risk 0 = No Risk. Therefore the higher the score indicates that the higher the schemes ability to reduce the Councils exposure to risk.
Priority Level	This is the total score across. Maximum score possible = 120

**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**

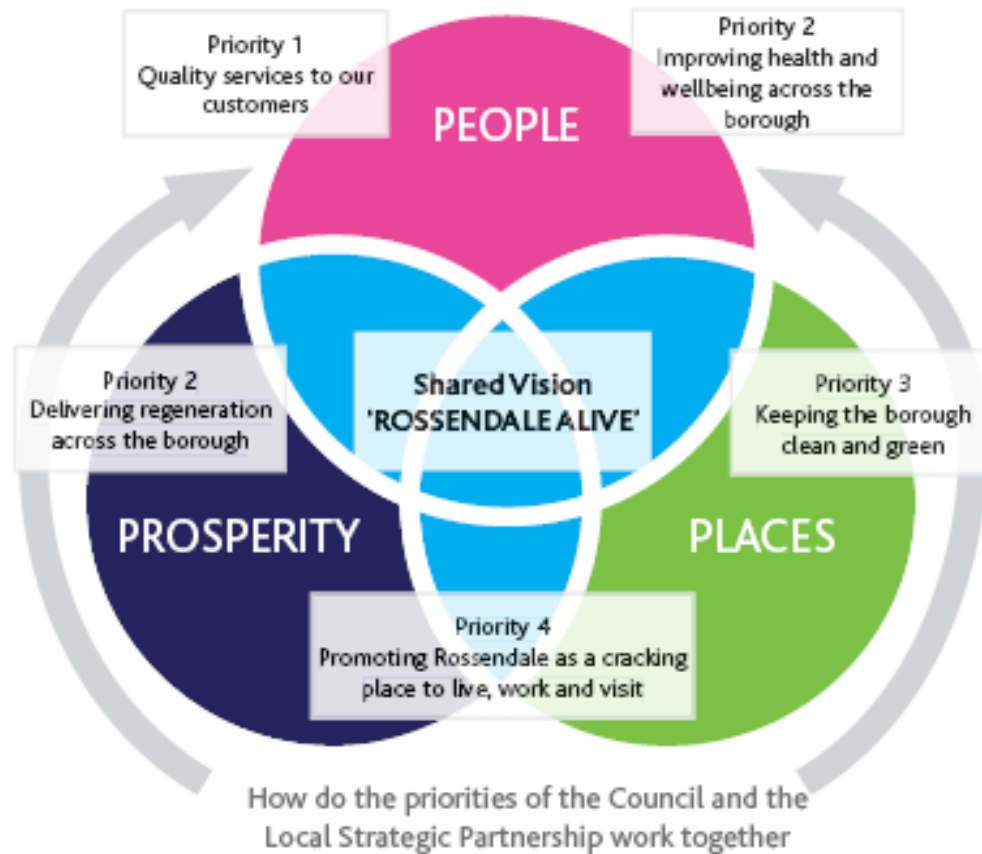
CAPITAL SCHEMES SCORING MATRIX

Criteria	Maximum Score	Actual Score	Summary Evidence (Detailed evidence should be an attached project appraisal)
1. Contribution to Corporate Priorities:			
Encouraging healthy and respectful communities	13		
Promoting the borough	13		
Providing value for money services	13		
Delivering regeneration across the borough	13		
Delivering quality services to our customers	13		
Keeping the borough clean, green and safe	13		
Total Score in Respect of Contribution to Corporate Priorities	78		
2. Statutory / Mandatory / Discretionary	10		
3. Capital Funding Sources Available	12		
4. Revenue Implications (must be accompanied by detailed analysis)	10		
5. Risk Factor	10		
Total of Other Factors	42		
Total Score for Project	120		
Percentage Score	100		

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009

APPENDIX 3

Rossendale Alive and the Council's Priorities



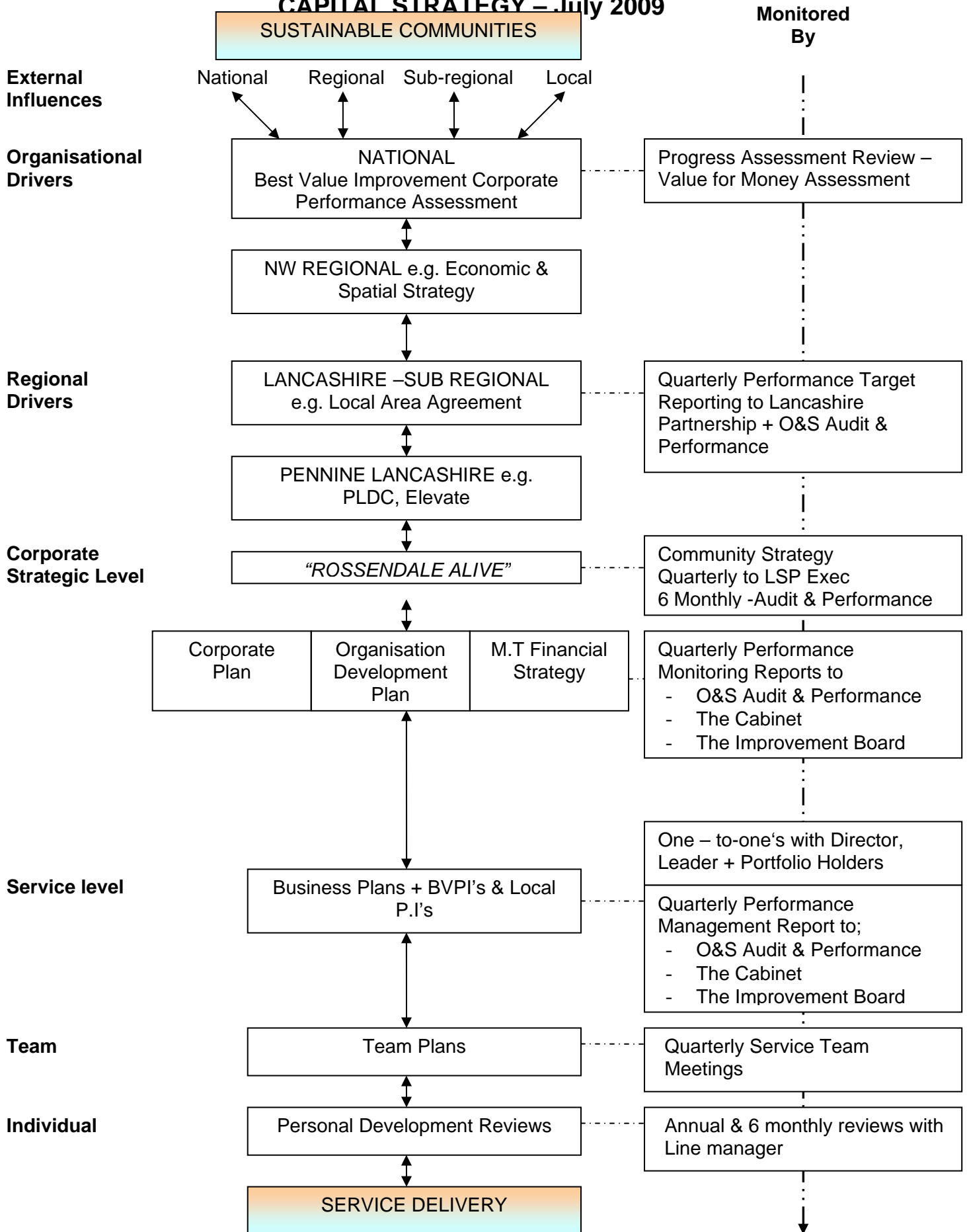
**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**

APPENDIX 4

**DIAGRAMATIC REPRESENTATION OF ROSSENDALE'S PERFORMANCE
MANAGEMENT FRAMEWORK**

(see next page below)

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – July 2009



**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – July 2009**