

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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 – OCTOBER 2006

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

- 1.1 The Council's 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. 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 2003 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 2006/07 to 2008/9. The Strategy has been reviewed in light of a revised Medium Term Financial Strategy (MTFS) and with the current Asset Management Plan (AMP) in place. It is recognised that an update is required to the AMP following, amongst other things, the Council's condition survey of its assets and the required data population of the Council's asset management system. 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.
- 1.4 The Strategy is intended to be a living document and will be updated on a regular basis. It has been reviewed by the Council's Overview and Scrutiny committee prior to approval by both the Council's Cabinet and Full Council. In addition the strategy has been rated as "Good" by The Government Office North West. "Good" is the highest level and builds upon the "satisfactory" rating previously awarded in 2003.

Councillor Michael Ormerod
Portfolio Holder for Finance & Risk Management
April 2006

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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 65,000, 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, 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, and the economic activity rate, at 80 per cent, is well above regional and national averages. However wage rates within the borough are low. People who work in the borough earn a median weekly wage of £289, well below both regional and national averages.

2.1.4 Though ranked 92nd most deprived authority out of 364, Rossendale has not been able to access Neighbourhood Renewal Funding.

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 five 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). Areas which need to be developed included updating the Capital Strategy, in line with changes to corporate priorities and a revised Asset Management Plan. The Council is committed to providing excellent services to its community and a Corporate Improvement Plan is in place to address the areas which must be improved to achieve this.

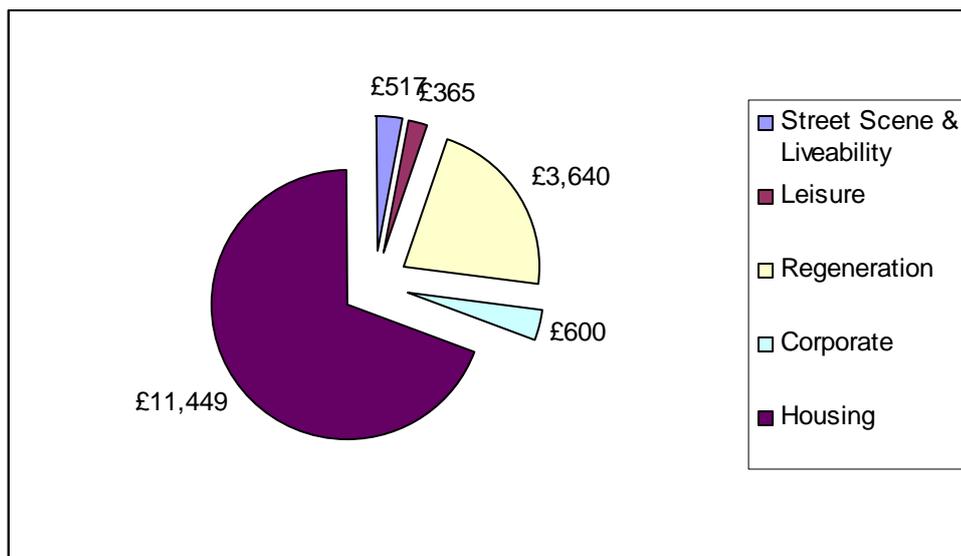
2.2.2 Rossendale's capital programme is its approved plan for investing in its own assets and also those of some of its partners. The programme details capital schemes planned for the current and forthcoming 2 years. The schemes within the programme have been specifically approved by the Council and are

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

in various stages of progress. In addition, any new schemes during the year will be approved by Members.

2.2.3 The Council published its last Capital Strategy and Asset Management Plan in. The Asset Management Plan is currently being updated, in light of a series of property condition surveys undertaken, by the Institute of Public Finance.

2.2.4 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 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 2006/07 to 2008/9 totals over £16m and is summarised below:



ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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 Community Strategy, agreed jointly by all members of the Local Strategic Partnership (LSP). This 15 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 Community Strategy identifies 8 themes which will enhance the lives of its residents:

- **Community Safety** – a place where people do not live in fear of crime;
- **Health** – a place where vulnerable people are looked after and all residents can look forward to a long healthy life;
- **Education** – a place where people of all ages will be well educated and capable of providing business with the human resource to compete in highly competitive global markets;
- **Environment** – a place which has attractive rural settings, a fantastic street scene and is easily accessible for all;
- **Housing** – a place where people have a choice of high quality housing which is affordable for all;
- **Economy** – a place where job prospects and wages are high and the cost of living is low;
- **Community Network** – a place where all opinions count and people respect and celebrate difference in gender; sexuality; race; culture and religion;
- **Culture** – a place which is a cracking place to live for people of all ages and is widely accepted as a major place to visit.

Within these the Council has identified the latter 5 themes (or Corporate Objectives) on which it takes the lead. In addition the Council has 3 other corporate objectives unique to itself:

- **Improvement** – the continuous provision of high quality public services built upon the foundations of Finance, Risk, Performance, Procurement and Human Resources Management
- **Customers** – being responsive and proactive to meet the needs of all our customers (i.e. "Putting Customers First")
- **Partnerships** – increasing our capacity to deliver through effective partnerships

The Council's Improvement Board regularly monitors and reviews the Corporate Improvement Plan to ensure that specific actions required for improvement are delivered. A key action for the Council is a fit for purpose and robust Capital Strategy and Asset Management Plan.

The chart at Appendix 3 shows a visual representation of how the objectives of the LSP and the Council are shared – generally refereed within the Council as the "S Curve".

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

3.1.2 Whilst the 15 year 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 five "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.

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 Government's modernisation agenda including "E-Government" and Local Government Reorganisation.
- Every Child Matters
- The Rural White Paper
- Local Area Agreements
- Housing Market Renewal / ELEVATE
- Planning policies, Master Plans (Rawtenstall, Bacup & Stacksteads), Brownfield's Recycling Programme
- The Gershon Review
- 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 Rossendale Local Development Framework (LDF)
- The Youth and Elderly Agenda – following recent scrutiny reviews
- The Treasury Management Strategy
- The Risk Management Strategy
- ICT Strategy

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

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 an improved and 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" Reviews and specific property reviews undertaken as part of corporate asset management. Consultation procedures have been developed involving Members, Officers and interested parties in respect of the future role of such assets.

3.4 Asset Management Plan

- 3.4.1 The Council is currently revising 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
- 3.4.2 It is envisaged that the Council will establish a three level structure to deliver its capital investment programme and oversee management of assets, along the lines of:
- Capital Programme Steering Group (CPSG)
 - Senior Management Team

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

- Cabinet Portfolio Holder for Finance and Risk Management

The CPSG comprises:

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

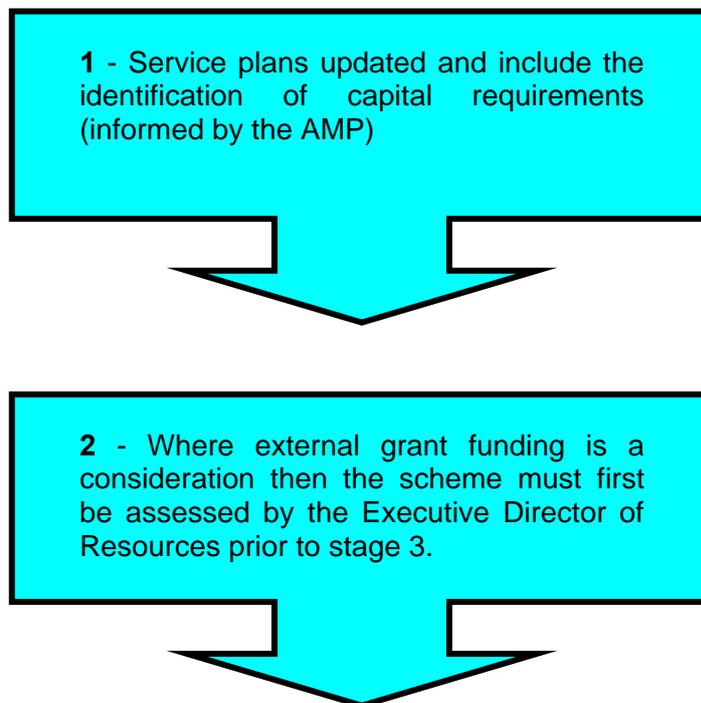
- 3.4.3 The CPSG has a responsibility to report to the Management Team on asset management performance.
- 3.4.4 The Corporate Property Officer (CPO – Executive Director of Resources) has overall responsibility for the management of Operational and Non-Operational Assets and to prepare and implement the Asset Management Plan (AMP). The CPO is a member of 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 CMT 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.
- 3.4.6 Further details will be contained in the revised Asset Management Plan.
- 3.4.7 The Cabinet Portfolio Holder for Finance and Risk Management to receive regular information on the performance of the non-operational asset portfolio and progress reports on the implementation of the Asset Management plan.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

4 Capital Management and Reporting

4.1 Roles and Responsibilities

- 4.1.1 The capital programme falls under the remit of the Executive Director of Resources and is managed day to day within Financial 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 Leader and portfolio holder for Finance and Risk Management. This group receives 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 – OCTOBER 2006

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.

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

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

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 Director of Resources 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 – OCTOBER 2006

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 2008/2009. 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 as a result of grant funding restrictions such as the Implementing e - Government 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 2005/06

- 5.2.1 The capital programme for 2005/06 has under spent when compared to original and revised estimates as shown below (excluding the impact on capital of Housing Stock Transfer):

Table 1 – 2005/06 Capital Expenditure

	Original Budget £000	Forecast £000
Street Scene & Liveability	541	446
Leisure	1,566	1,246
Regeneration	852	80
Corporate	1,699	1,695
Housing	4,105	2,082
Total	8,763	5,549

- 5.2.2 The major reasons for the change in planned expenditure are as follows:

- Whitworth Civic Hall rebuild costs now expected to fall into 06/07
- Reduction of c.£1.6 m in Elevate contributions
- The balance is due to timing slippage in the capital programme

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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 2006/07 to 2008/09 is shown in the following tables with the detailed programme shown in the annual Capital approval report to Members. At the time of writing indications are that the current year's programme will again incur some slippage, this will be reflected in future updates to the capital programme.

Table 2 - Rossendale's Approved Capital Programme March 2006

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	TOTAL £000
Street Scene & Liveability	446	357	80	80	963
Leisure	1,246	335	15	15	1,611
Regeneration	80	1,030	1,230	1,380	3,720
Corporate	1,695	200	200	200	2,295
Housing	2,082	3,955	3,747	3,748	13,532
Total	5,549	5,877	5,272	5,423	22,121

In addition to the approved programme (which takes account of schemes up to 2008/09), 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.

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 £1,576k.
- Further backlog maintenance, potentially in addition to budget provisions already made following the completion of all asset condition surveys
- Capital required supporting the Councils ICT strategy, currently under review and development. The Council is tied into a long term contract for the management of the Council's IT infrastructure. Part of the contract included the initial provision of new hardware, however within the ten year contract no provision was made for, amongst other things, a refresh of the hardware. As the Council is now half way through its contract term the issue of new hardware need and resourcing has to be addressed.
- The Strategic Housing function. Though the Council has recently experienced a successful transfer of its housing stock to Green Vale Homes, the Council still retains responsibility for strategic housing. The 06/07 identified the need to invest an additional £60k, revenue, into this area to create a body skilled to replace that lost following the transfer of housing staff. The development of a Housing Strategy may have implications for the future in the allocation of capital for Housing purposes.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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

- Capital Receipts (both from the transfer of its housing stock in March 2006 and from ongoing asset sales)
- 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.

Table 4 - Rossendale's Indicative Capital Resources 2005/06 to 2009/10

	2006/07 £000	2006/07 £000	2007/08 £000	2008/09 £000	TOTAL
Grant Funding	2,011	4,498	4,758	4,908	16,175
Capital Receipts	2,400	2,535	2,000	1,000	7,935
Capital Reserves	1,763	-	-	-	1,763
Revenue	275	-	-	-	275
Borrowing	-	-	-	-	-
Total Resources	6,449	7,033	6,758	5,908	26,148

Certain assumptions have been made in assessing the likely future resources to 2008/09. Key assumptions are as follows:

- Asset receipts as per the accommodation strategy will be forth coming
- £900k per annum as per the LSVT contract with Greenvale Homes

It can be seen that based on current estimates and making the assumptions above, there is a surplus in resources over the period of approximately £2.4m (£26.1 - £22.1 - £1.5). The table below shows the predicted timescale over which capital resources are being utilised.

Table 5 – Capital Pressures versus Resources Required

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
RBC Resources	6,449	7,033	6,758	5,908
Resources Applied	5,549	5,877	5,272	5,422
Additional pressure		-	1,576	-
Available Resources	900	1,156	(100)	486

The above table demonstrates how existing resources would be adequate to support both the existing capital programme and the additional pressures identified in the tables above. The total of £2,442k is after £1,576 earmarked for a new civic building as a result of the accommodation strategy.

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

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

Options 4 will impact upon an already pressurised revenue budget. It is estimated that £1,000,000 of borrowing will add 1% through revenue costs (interest repayment only) to the Borough's council tax requirement. The MTFS has identified a limit for council tax rises of 3% in the medium term and has also identified other pressures upon revenue including borrowing costs. Potential disposals will be an important source of capital financing both in terms of the period covered by this strategy and further into the future.

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 Treasury Management Strategy.

5.5 Future Capital Investment

5.5.1 The Council has eight stated corporate objective areas:

- Environment – *a place which has attractive rural settings, a fantastic street scene and is easily accessible for all*
- Housing – *a place where people have a choice of high quality housing which is affordable for all*
- Culture – *a place which is great to live for people of all ages and is widely accepted as a major place to visit*
- Economy – *a place where job prospects and wages are high and the cost of living is low*
- Community Network – *a place where all opinions count and celebrate difference in gender, sexuality, race culture and religion*
- Partnerships – *increasing our capacity to deliver through effective partnerships*
- Customers - *being responsive and proactive to meet the needs of all our customers (ie “Putting Customers first”)*
- Improvement – *the continuous provision of high quality public services built upon the foundations of Finance, Risk, Performance, Procurement and Human Resources management.*

With these objectives the Council has a number of key priorities for investment:

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

- Embedding our customer promise
- Delivering Regeneration across the borough
- Street Scene & Liveability strategic partnership
- Revenue and Benefits strategic partnership

Embedded by:

- Financial management
- Implementing the member development strategy
- Implementing the Human Resources strategy

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.

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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 06/07 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.

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 SMT, 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 commissioning 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.

The two new planned strategic partnerships are:

ROSSENDALE BOROUGH COUNCIL

CAPITAL STRATEGY – OCTOBER 2006

- Street Scene & Liveability strategic 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 Councils One Stop Shop

7.13 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 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 & Risk Management 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 – OCTOBER 2006

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 Good progress has been made in using the system to collect, monitor and report upon a wide range of Best Value and Key Success Indicators. Over the next year its use will be 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.

11 APPENDICES

Appendix 1 – Diagrammatic Representation of the Capital Process

Appendix 2 – Capital Appraisal Tool

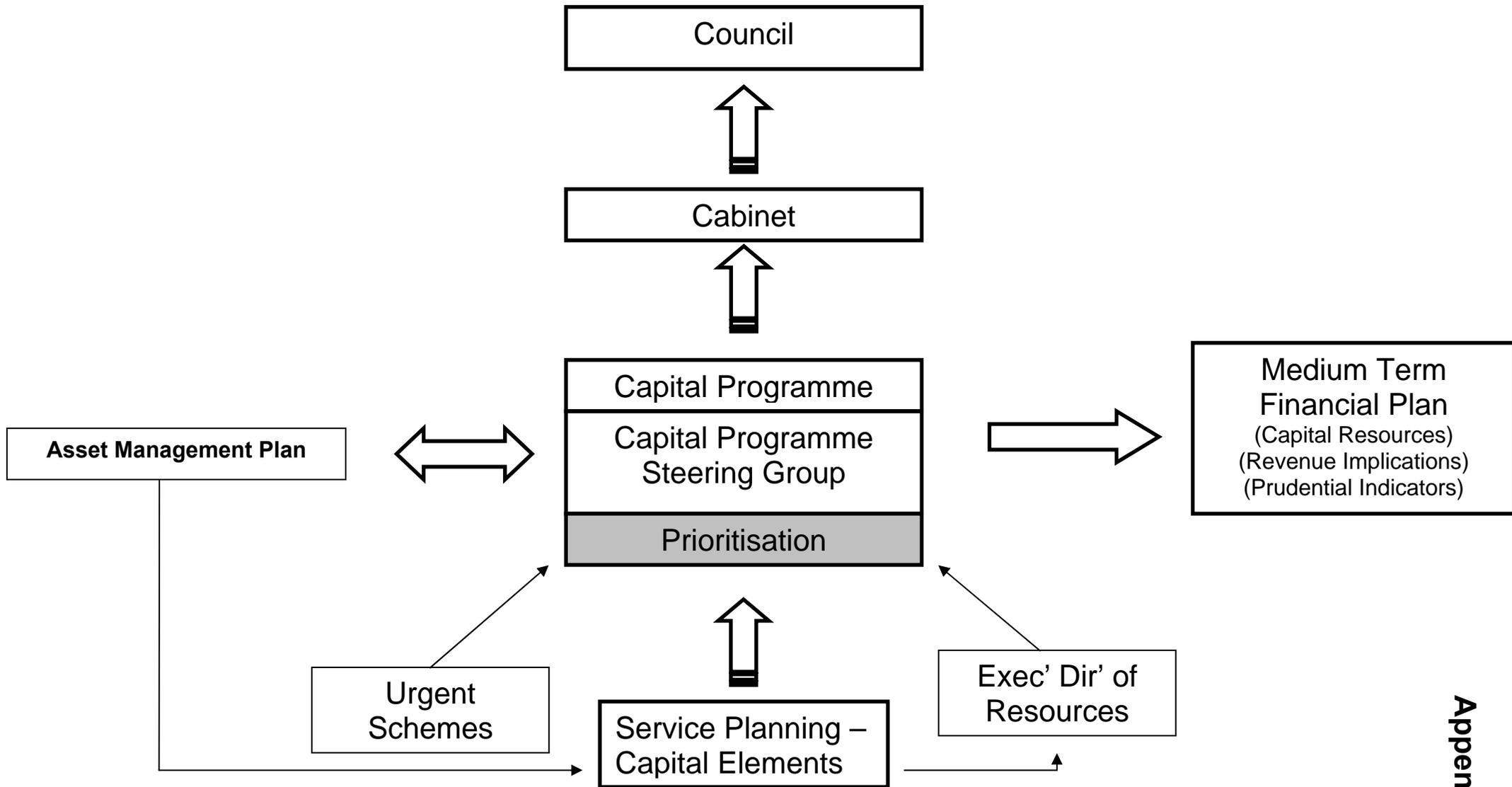
Appendix 3 – The "S" Curve – Rossendale Alive and the Council's Mission

Appendix 4 – Performance Management Framework

Appendix 5 – Equalities Impact Assessment

**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – OCTOBER 2006**

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006



ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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: 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> <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.</p> <p>or</p>
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ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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 = 72

**ROSSENDALE BOROUGH COUNCIL
CAPITAL STRATEGY – OCTOBER 2006
CAPITAL SCHEMES SCORING MATRIX**

Criteria	Maximum Score	Actual Score	Summary Evidence (Detailed evidence should be an attached project appraisal)
1. Contribution to Corporate Priorities:			
<ul style="list-style-type: none"> • Embedding our customer promise 	10		
<ul style="list-style-type: none"> • Delivering Regeneration across the Borough 	10		
<ul style="list-style-type: none"> • Street Scene & Liveability partnership 	10		
<ul style="list-style-type: none"> • Revenues & Benefits Strategic partnership 	10		
<ul style="list-style-type: none"> • Promoting Rossendale 	10		
<ul style="list-style-type: none"> • Financial Management 	10		
<ul style="list-style-type: none"> • Implementing the member development strategy 	10		
<ul style="list-style-type: none"> • Implementing the Human Resources strategy 	10		
Total Score in Respect of Contribution to Corporate Priorities	80		

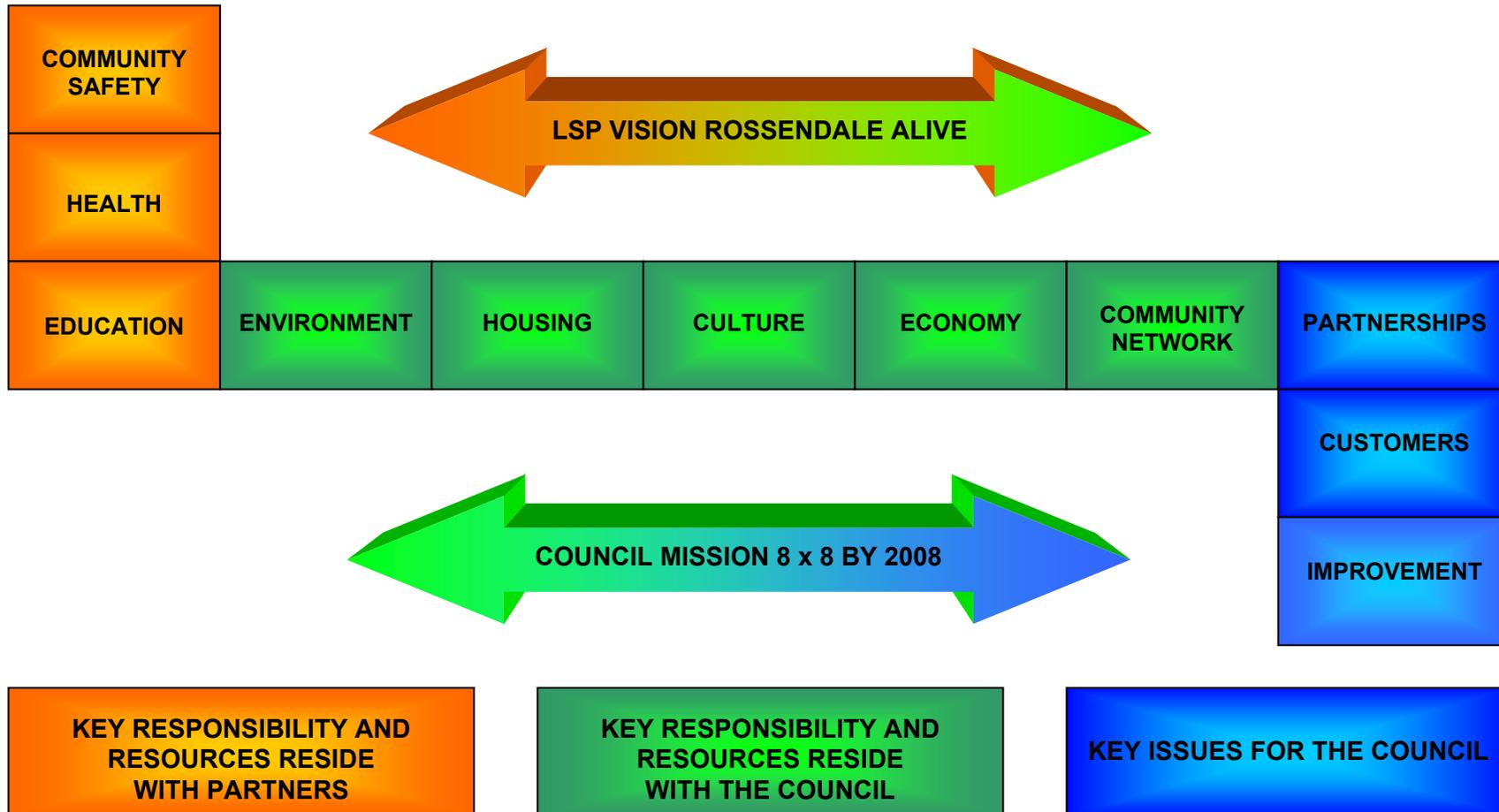
ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

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			
Total Score for Project	122		
Percentage Score	100		

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

The “S” Curve – Rossendale Alive and the Council’s Mission

APPENDIX 3



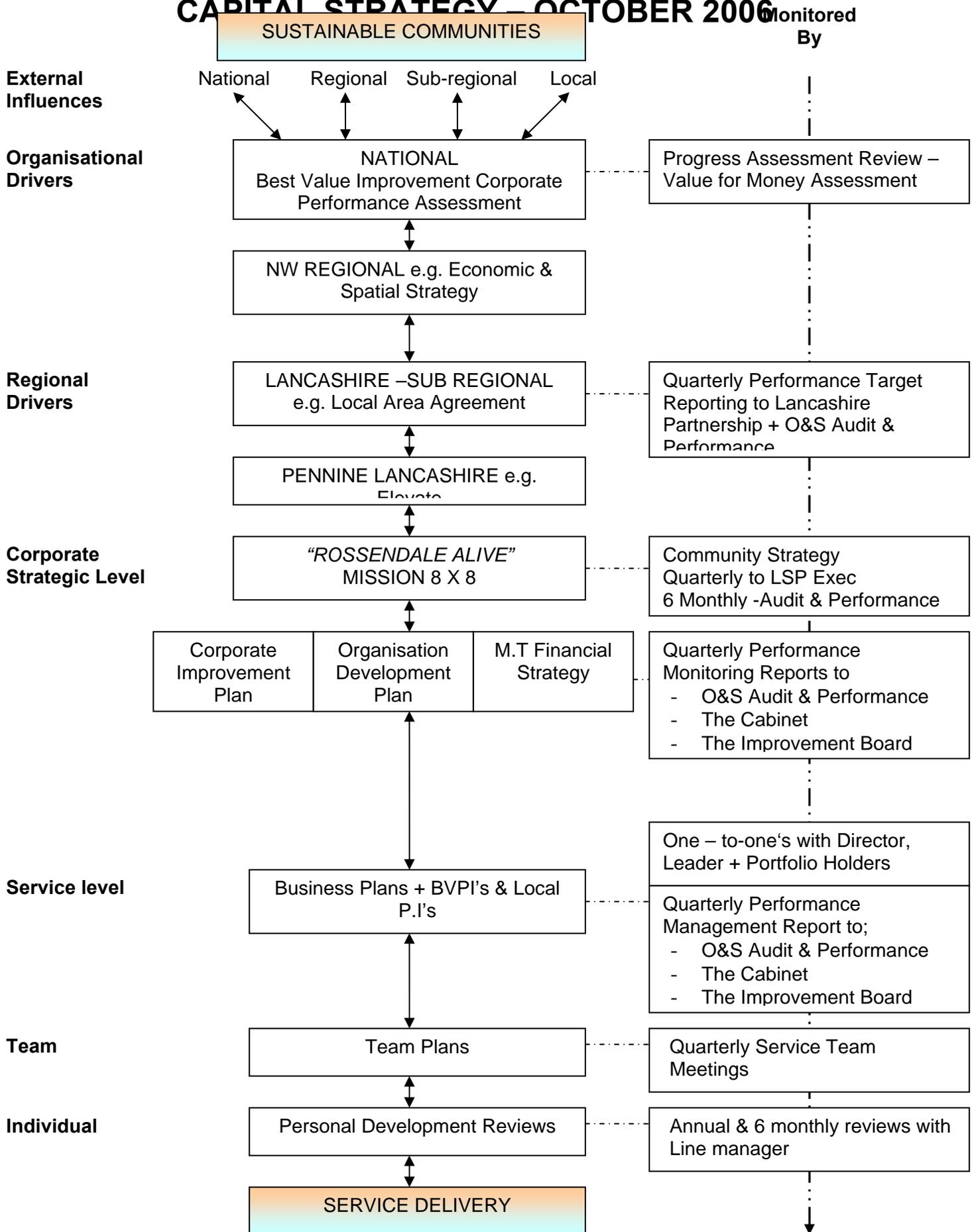
ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

APPENDIX 4

DIAGRAMATIC REPRESENTATION OF ROSSENDALE'S PERFORMANCE MANAGEMENT FRAMEWORK

(see next page below)

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006



ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

APPENDIX 5

EQUALITY IMPACT ASSESSMENT FORM

A copy of this form is available on the Intranet.

Screening

Name of strategy, project or policy:

Capital Strategy

Officer completing assessment:

P J Seddon

Telephone:

01706 252465

1. What is the main purpose of the strategy, project or policy?

<p>The purpose of the strategy is to:</p> <ul style="list-style-type: none">• State the Councils plans for investing in its own assets and those of partners• Setting boundaries which guides capital investment

2. List the main activities of the project, policy (for strategies list the main policy areas)

<ul style="list-style-type: none">• The Corporate approach• Capital management and reporting• Allocation and prioritisation of resources• Consultation• Partnership and joint working• Monitoring and review• Risk management

3. Who will be the main beneficiaries of the strategy, project or policy?

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

Initial beneficiaries will be Members and Officers, ultimately the wider community of the Borough.

4. Use the table below to tick:

- (a) Where you think that the strategy, project or policy could have a negative impact on any of the groups or contribute to promoting equality, equal opportunities or improving relations within equality target groups.
- (b) Where you think that the strategy, project, policy could have a positive impact on any of the groups or contribute to promoting equality, equal opportunities or improving relations within equality target groups.

		Positive Impact – it could benefit	Negative Impact – it could disadvantage	Reason
Gender	Women	✓		Improved systems will ensure fair and more efficient dealing and ensure that assets align with corporate priorities
	Men	✓		"
Race	Asian or Asian British people	✓		"
	Black or black British people	✓		"
	People of mixed race	✓		"
	Irish people	✓		"
	White people	✓		"
	Chinese people and other minority ethnic communities not listed above	✓		"
Disability	Physical/learning/mental health	✓		"
Sexuality	Lesbians, gay men and bisexuals	✓		"
Gender Identity	Transgender people	✓		"

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

Age	Older people (60+)	✓		"
	Younger people (17-25), and children	✓		"
Belief	Faith groups *	✓		"
Equal opportunities and/or improved relations eg Rural		✓		"

Notes:

* Faith groups cover a wide range of groupings, the most common of which are Muslims, Buddhists, Jews, Christians, Sikhs, Hindus. Consider faith categories individually and collectively when considering positive and negative impacts.

5 If you have indicated there is a negative impact on any group, is that impact:

Legal? YES NO **Not Applicable**

(i.e. it is not discriminatory under anti-discriminatory legislation)

Intended? YES NO **Not Applicable**

Level of impact HIGH LOW **LOW**

If the negative impact is possibly discriminatory and not intended and/or of high impact you must complete section two of this form. If not, complete the rest of section one below and consider if completing section two would be helpful in making a thorough assessment.

6 a) Could you minimise or remove any negative impact that is of low significance?

Explain how:

Not Applicable – no issues

a) Could you improve the strategy, project or policy's positive impact?

ROSSENDALE BOROUGH COUNCIL CAPITAL STRATEGY – OCTOBER 2006

Explain how:

Not Applicable – no issues

You may wish to use the action sheet at the end of Section two.

- 7 If there is no evidence that the strategy, policy or project promotes equality, equal opportunities or improved relations – could it be adapted so that it does?

How?

Not Applicable – no issues

Please sign and date this form, keep one copy and send one copy to the Head of Human Resources.

Signed: ***PJ Seddon***

Date: ***18th May 2006***