CARLISLE CITY COUNCIL
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RESOURCES OVERVIEW AND SCRUTINY PANEL

Panel Report

Public

Date of Meeting: **29 July 2010**

Title: **DRAFT CAPITAL STRATEGY 2011/12 TO 2015/16**

Report of: **Assistant Director (Resources)**

Report reference: **RD26/10**

Summary:
The Council's Draft Capital Strategy for the period 2011/12 to 2015/16 was considered by the Executive on 26 July 2010.

Questions for / input required from Scrutiny:
To scrutinise, and provide feedback, on the Policies to be adopted by the Council which will inform the Capital Programme and use of Capital Resources over the next five years.

Recommendations:
Members are asked to consider the report and make any recommendations back to the Executive for consideration at their meeting on 31 August 2010.

Contact Officer: Peter Mason **Ext:** 7270

Note: In compliance with Section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Council Budget Resolution February 2010.

REPORT TO EXECUTIVE

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PORTFOLIO AREA: GOVERNANCE & RESOURCES

Date of Meeting: **26 July 2010**

Public

Key Decision: **Yes** **Recorded in Forward Plan:** **Yes**

Inside Policy Framework

Title: **DRAFT CAPITAL STRATEGY 2011/12 to 2015/16**
Report of: **Assistant Director (Resources)**
Report reference: **RD26/10**

Summary:
The Council's draft Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2011/12 to 2015/16. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, the Resources Overview and Scrutiny Panel will consider the draft on 29 July, with final recommendations to Council on 14 September 2010.

Recommendations:
The Executive is asked to:
(i) Comment on the draft Capital Strategy for consideration by the Resources Overview and Scrutiny Panel on the 29 July.

Contact Officer: Steven Tickner **Ext:** 7280

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Council Budget Resolution 3rd February 2009.

CITY OF CARLISLE

To: The Executive RD26/10

26 July 2010

DRAFT CAPITAL STRATEGY 2011/12 to 2015/16

1. BACKGROUND

1.1 The Capital Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).

1.2 The Capital Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 2 February 2010. This position has been updated to reflect any known changes since that date.

1.3 As advised in the Executive report of 4 June 2010 a fundamental review of the Capital Programme will be undertaken to ensure that the Council has the capacity to deliver the level of programme within resources and capital funding available.

2. CONSULTATION

2.1 The draft Capital Strategy has been considered by the Senior Management Team and the Joint Management Team.

2.2 The Resources Overview and Scrutiny Panel will consider the report on 29 July, and recommendations made to full Council on 14 September.

3. RECOMMENDATION

The Executive is asked to comment on the draft Capital Strategy for consideration by the Resources Overview and Scrutiny Panel on the 29 July.

4. IMPLICATIONS

- Staffing/Resources
- Financial / Legal
- Corporate
- Risk Management
- Equality Issues
- Environmental
- Crime and Disorder
- Impact on Customers

Included within the draft Capital Strategy as attached

6. IMPACT ASSESSMENTS

- **Does the change have an impact on the following?**

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	**Yes**	**Positive**
Disability	**Yes**	**Positive**
Race	**No**	**N/A**
Gender/ Transgender	**Yes**	**Positive**
Sexual Orientation	**No**	**N/A**
Religion or belief	**No**	**N/A**
Human Rights	**Yes**	**Positive**
Social exclusion	**Yes**	**Positive**
Health inequalities	**Yes**	**Positive**
Rurality	**Yes**	**Positive**

If you consider there is either no impact or no negative impact, please give reasons:

The strategy is driving a range of capital projects that will have a positive impact on many areas. The provision of sports facilities to areas with significant health inequalities. The investment in Disability Discrimination Act compliance and adaptations to homes will have a positive impact on people's lives. The housing strategy capital projects cover both urban and rural communities. The impact of the whole strategy will be assessed through eIA Financial Services (Revenues and Benefits).

P MASON
Assistant Director (Resources)

CARLISLE CITY COUNCIL

DRAFT
CAPITAL STRATEGY
2011/12 TO 2015/16

July 2010

CARLISLE CITY COUNCIL

CAPITAL STRATEGY 2011/12 to 2015/16

1. Policy and Context

The Capital Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP).

The objectives of the Capital Strategy are to: -

- Ensure that capital investment decisions and capital resources contribute to the achievement of the Council's corporate priorities.
- Co-ordinate the strategic priorities emerging from service planning and ensure that investment opportunities are maximised.
- Manage performance and decision-making processes to help achieve the best use of available capital resources.
- Set out processes to monitor and evaluate proposed and actual capital spending on projects to ensure that value for money is obtained.

Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes.

2. Overall Strategy Guidelines

The strategy has been developed using the following overarching guidelines: -

- Capital resources are held corporately and are allocated according to the priorities set out in the Corporate Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants.
- The Council will seek to maximise the use of grants and external funding.
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities.
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process.
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects.
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance.

3. The Council's Strategic Planning Framework

The strategic planning framework ensures that the financial and planning processes are aligned and consistent and that resources are directed to key priorities. The Strategic Planning Framework is set out in detail in the MTFP and is summarised below:

- **Community Plan**
  The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the **Corporate Plan** enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

- **Corporate Plan**
  The Corporate Plan explains how the City Council will contribute towards the Carlisle Strategic Partnership's Community Plan. Within this commitment, the Council has set out two priority areas for the basis of allocation of its revenue and capital resources:
    - Economy
    - Local Environment

  The Corporate Plan is reviewed in the light of emerging national, regional and local issues.

- **Directorate Service Plans**
  The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

- **Other Council Strategies, Plans and Policies**
  The Capital Strategy takes account of other Plans and Strategies which have a potential impact on the Council's use of resources. Particularly consideration is given to the following key strategies: -
    - The IT Strategy, which is developed to plan the cost of replacing IT hardware and software to ensure effective service delivery.
    - The Asset Management Plan, which provides forecasts of necessary capital investment in the Council's land and property portfolio and provides the policy on assets which are surplus to requirements and can be disposed of to raise capital resources.
    - The Housing Strategy, which provides details on the delivery of housing services within Carlisle including Supporting Vulnerable People, Decent Homes (including Empty Properties), Affordability and Balancing the Housing Market. There are significant financial implications relating to this Strategy with approximately £900,000 per annum currently built into the Capital Strategy projections from 2011/12 to 2013/14. In addition there are capital resources to support Private Sector Renewal currently set at £1.249million per annum to 2013/14 reducing to £849m from 2014/15.

4. Capital Programme Forecasts

4.1 <u>Current Forecasts</u>

The Council has previously considered detailed proposals for capital spending and associated financing implications for the period 2010/11 to 2014/15. These are summarised in the Council Budget Resolution approved on 2 February 2010.

This report updates the projections to cover a further year. This aims to provide more effective planning in the longer term. The aim may be to increase this period to 10 years.

The key assumptions in the projections are as follows:

- The Capital Programme considered by Council in February assumed a programme of £11.334m for 2010/11 and £5.352m for 2011/12. The impact of the 2009/10 outturn and the carrying forward of budgets into 2010/11 and 2011/12 have increased the programme by £1.469m in 2010/11 and decreased by £0.006m in 2011/12 since the budgets were approved in February.
- A major review of the whole capital programme is currently being undertaken to review the programme in line with the Council's priorities, the impact of reductions in funding and to address any re-profiling issues.

The current full 5 year programme (before being reviewed) is attached at **Appendix A** with a summary below at **Table 1**. Work is continuing to allocate resources to the new Council priorities.

Table 1 – Current Proposed Programme

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Current Proposed Programme	12,803	5,346	3,105	2,952	1,307	1,257

4.2 Future Forecasts

The current capital programme forecasts spending on capital projects of around £1-£5m p.a. for years 2011/12 to 2015/16. Past experience has indicated that actual spending will be far higher and this is due mainly to the fact that a number of initiatives are still at an early stage of development and so are not yet included in the projections. In particular, at this point no account has been taken of any future aspirations beyond 2010/11 for schemes under review. These schemes are currently the subject of feasibility studies and the results will be considered in accordance with the following timescales: -

(i) Tullie House Governance Options - Proposals to move forward the devolution of the responsibility for delivering the museum service to a charitable trust are subject to further work and a working group has been established to progress this initiative.

(ii) Asset Review Programme – further investigation is underway to examine the Property Portfolio Options and what sort of model might be appropriate to maximise the potential of the Council's assets and help deliver the Council's Economic Development Strategy into the future. This will focus on producing a Development and Investment Plan for the Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.

(v) Sands Development – Further work is being progressed on options with Carlisle Leisure and other partners for expansion of facilities at the Sands Centre. Any development would require a significant capital budget and could also have major revenue implications.

(vi) Environmental Enhancements – In recent years the Council has made an annual contribution to environmental enhancements, both directly and in conjunction with other partners. As neighbourhood working develops further and in response to significant community demands there will be ongoing pressure to continue capital investment for works of this nature.

(vii) Morton Land Development – Following the Inspector's Report on the Local Plan and the confirmation of land use designations at Morton, the Council now needs to consider how it wishes to move forward with the land in its ownership within the context of the urban extension as a whole.

(ix) Housing/Homelessness – The current 5-year Housing Strategy comes to an end during 2013/14 as stated in paragraph 3 above. A key project for the replacement of the London Road Hostel and the Resource Centre are currently in development and funding is identified in the current capital programme.

The position on the above schemes will need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing can be made more accurately. The inclusion of any of these projects in the capital programme will be subject to the appraisal of a full business case, which will include an assessment of fit with corporate priorities, prior to formal approval for inclusion in the programme by Council.

5. Capital Resource Forecasts

The Council's capital programme can be financed, (or paid for), through a number of sources and the Assistant Director (Resources) will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. **Table 2** shows the estimated level of capital resources, which will be generated over the next five years.

Table 2 – Estimated Capital Resources (Based on current programme)

Resources Available	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Capital Receipts						
PRTB*	(400)	(488)	(449)	(445)	(427)	(427)
Raffles	(250)	(500)	(500)	(500)	(500)	(500)
Sale of Assets	(950)	(500)	(500)	(500)	(500)	(500)
Capital Contributions	(165)	(30)	0	0	0	0
Government Grants	(6,552)	(1,785)	(1,785)	(1,785)	(1,785)	(1,785)
Total	**(8,317)**	**(3,303)**	**(3,234)**	**(3,230)**	**(3,212)**	**(3,212)**

* see note at paragraph (ii)

The current assumptions included in this strategy for each of the available financing sources are as follows:

(i) Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004. There has also been a change to government support in that support for assumed new borrowing is no longer provided via the revenue support grant but has instead been replaced by a specific capital grant (Regional Housing Pot) that is not ring fenced to any particular use. As a consequence, any new borrowing taken out is now known as unsupported borrowing. This effectively means that the Council can borrow as much as it wishes to pay for its capital programme, providing that repayments are affordable and can be met from the Council's revenue budget. There are no proposals to use unsupported borrowing at the moment due to the level of other resources available to the Council for capital purposes, particularly capital receipts. This does not rule out, however, the option for the future should a business case support a proposal that is both sustainable and affordable (e.g. an invest-to-save project).

(ii) Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. In the past the bulk of the receipts were received from a Preserved Right to Buy (PRTB) sharing agreement with Riverside Group, following the transfer of the housing stock in December 2002. Capital receipts are forecast to remain fairly constant at £1.5million p.a. for the period under review. This figure comprises: -

- £400,000 to be received from PRTB sales under the sharing agreement with Riverside in 2010/11. Updated projections will be requested from Riverside Group which will be included in the final version of the report once received but early indications show that there will be a significant reduction in the level of receipts generated from PRTB sales which has not yet been taken into account.
- £500,000 p.a. from receipts arising from the Raffles development, which it is forecast will continue to be generated for the next 11 years. (To be reviewed during the budget process). No receipts were received in 2009/10 and it is likely that there will be a significant reduction in 2010/11.
- An assumption that the Council will generate £500,000 p.a. over the life of the plan from the sale of other Council surplus assets (to be refined during the budget process). As stated under PRTB, it is probable that the general economic downturn will impact on the generation of future capital receipts.

Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy. 'Sustainable communities' has a wide-ranging definition, which is included at **Appendix B** for information. There has previously been an expectation from the Government that the PRTB receipts will be used to benefit the delivery of the sustainable community.

The Council also receives a small amount from repayments of improvement grants arising as a result of property sales. The Council has approved a change in policy whereby receipts of this nature are now to be used specifically to support Housing Private Sector Renewal initiatives. However given the scale of the potential receipts, for the purpose of this report, they are not separately identified and are included within general capital receipts.

As a result of revised Capital Financing Regulations, the Council prepares an annual Minimum Revenue Provision (MRP) Strategy, which was approved by Council in February 2010. During 2008/09, the Council took advantage of an accounting amendment, which generated substantial short-term savings to the authority's revenue budget. This involves the voluntary set aside of unapplied capital receipts. These receipts will still be available to support the funding of the capital programme but will require detailed record keeping to monitor the receipts generated, those applied to fund the programme and those set aside. As these capital receipts are spent there will be an adverse impact on the revenue account both in terms of the amount of investment interest received and the level of MRP charged in the year.

(iii) Reserves and Balances

The Council currently maintains two reserves to support capital spending – the Projects Reserve, and the Asset Investment Reserve. Further information on all of the Council reserves is set out in more detail in the Council's Policy on the Use of Reserves contained within the MTFP.

- The Projects Reserve

This Reserve was set up originally to provide resources to supplement both the revenue budget of the Council and provide resources for major capital projects where necessary. The MTFP has proposed, as part of its policy on the use of reserves, to earmark the balance in hand at 31st March 2010 to meet forecast revenue deficits over the next five years pending identification of compensating savings. The Council has no existing policy to replenish the balance in this reserve, as it relies on the receipt of "windfall" income and increases arising from under-spends on the Council's revenue budget. Any additional balances generated this way could potentially be used for capital purposes but this strategy assumes that the Projects Reserve will be unable to provide finance for any further major capital projects over the period of this strategy.

- Asset Investment Reserve

The Asset Investment Reserve currently stands at £2m, the use of which is subject to Council approval. Part of the Reserve has been set aside to purchase strategic properties. The reserve also includes £1m built up from contributions from the Industrial Estates capital programme.

(iv) Government and Other Capital Grants and External Funding

The Government has recently announced changes to capital grants and capital funding, for example removing ring fencing from certain grants etc. Although these announcements have yet to impact on the Council's funding, further developments and announcements may impact on the amount of capital grants and funding available to the Council.

The Council currently receives capital grants to support its Disabled Facilities Grants (DFG) programme and funds from the Regional Housing Pot for other housing related projects. The Department for Communities and Local Government (DCLG) announced changes to the level and scope of disabled facilities grants in February 2008. From 2010/11, the level of grant provided to the Council is £663,000 and the requirement for the Council to fund 40% of the cost has been withdrawn.

It is further proposed that notification for years 2011/12 and 2012/ 13 will be provided in 2010, moving to three-year allocations in the 2010 spending review. This strategy assumes that the allocation for future years will be maintained at 2010/11 levels i.e. £663,000 per annum. The scope of the DFG grant itself is also widened to enable DFG to be used for less restrictive purposes to enable the Council to develop services that fit with local delivery arrangements and the needs of individuals. In 2010/11, the capital budget (£1.249million) for private sector housing investment has been earmarked in full to provide disabled facilities grants. The capital programme for the period 2011/12 – 2015/16 has been developed using the same assumptions but will be updated as necessary to reflect any change in the forecast demand for disabled facilities grants.

The value of resources provided by the Government from the Regional Housing Pot over the period of this strategy is estimated at £1,122,000 per annum. However, the allocation actually received in 2010/11 has reduced to £768,000, giving an immediate shortfall of £354,000. The levels of grant currently included for future years will need to be reviewed in light of this reduction and forecasts may need to be reviewed downwards. Capital spending on housing initiatives will continue to be supported by this grant.

Other significant schemes currently included in the capital programme which are grant funded include the Roman Frontier project, Old Town Hall and the Resource Centre.

(v) Revenue Contributions

The Council is free to make contributions from revenue to finance capital spending. In practice however, and given the severe restrictions on the level of revenue spending needed to keep Council Tax at acceptable levels, it is not anticipated that any revenue contributions will be made over the period 2011/12 – 2015/16 to provide resources for capital spending. Due to the pressure on the Council's Revenue budget and reserve projections, the opportunity will be taken wherever possible to maximise the use of capital resources rather than revenue resources. This is because capital resources can only be used to finance capital schemes, whereas revenue reserves and balances can be used to support both revenue and capital schemes and therefore gives more flexibility.

The Council also has the opportunity to capitalise some one-off costs associated with transformation, i.e. redundancy and applications are made on a specific year by year basis depending on guidelines from Government and the availability of capital resources.

6. Summary Capital Spending and Financing

As set out in the Table below, there is currently approximately £5m uncommitted estimated capital resources available to support any future capital programme as at the end of 2015/16.

Table 3 – Summary Programme

Summary Programme	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Estimates Resources 31 March 2010	(7,741)	0	0	0	0	0
In Year Impact:						
Estimated Resources available (Table 2)	(8,317)	(3,303)	(3,234)	(3,230)	(3,212)	(3,212)
Current Proposed Programme (Table 1)	12,803	5,346	3,105	2,952	1,307	1,257
In year projected (surplus)/Deficit in Resources	**4,486**	**2,043**	**(129)**	**(278)**	**(1,905)**	**(1,955)**
Cumulative Year End						
Capital Receipts	(3,255)	(1,212)	(1,341)	(1,619)	(3,046)	(4,951)
Capital Grant	0	0	0	0	(478)	(528)
Total	**(3,255)**	**(1,212)**	**(1,341)**	**(1,619)**	**(3,524)**	**(5,479)**

7. Council Budget Process

7.1 The Council operates on a five-year budget cycle, which starts in July with consideration of the MTFP including this Capital Strategy. As the year progresses, services submit capital and revenue bids for service development or to address pressures identified in their respective service plans in accordance with Council priorities. Capital bids have a role to play in developing the Council's revenue budget as in very many cases, a capital project will result in the Council having to budget for ongoing revenue costs in future years.

7.2 The Council has set up a formal appraisal system to assess individual capital projects before they are included in the capital programme, and therefore before committing revenue resources. The Project Assurance Group (PAG) undertakes this to determine: -

- Whether the project meets corporate and service priorities,
- Whether all costs are reasonable and affordable,
- Whether all options to deliver the project have been considered.
- Impact on Revenue budget.
- Any VAT issues

Capital bids are only put forward to members as recommended schemes when this appraisal process is completed satisfactorily.

8. Evaluation and Monitoring of Capital Projects

8.1 The evaluation and monitoring of capital projects is important to enable the Council to determine: -

- If projects have met their individual objectives for service provision,
- If projects have been delivered on time and to budget, or whether lessons need to be learned to improve processes in the future,
- If projects have contributed to the overall aims and objectives of the Council.

8.2 To assist with these processes, the Council has a series of procedures in place as a capital project develops. These consist of: -

- Consideration of all aspects of a capital project by the Project Assurance Group, comprising senior officers of the Council, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted to members for consideration as part of the normal budget process.

- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.

- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to Council as required.

- The Senior Management Team and the Executive receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process also includes the evaluation of completed capital projects to assess if their individual aims and objectives have been met, and makes recommendations where necessary to improve the delivery of similar projects in the future.

- The Council’s Resources Overview and Scrutiny Panel also critically examines the performance in delivering capital projects on a quarterly basis.

9. Risk Assessment

Although the Council has adequate resources to pay for its existing capital programme in the foreseeable future, the past performance of the capital programme flags up some key risks that need to be addressed to ensure best use is made of the Council’s capital resources. The risk assessment for the capital programme is attached at **Appendix C**.

10. Summary

This strategy is designed to outline the processes and risks the Council needs to consider when developing a capital programme that meets corporate and service objectives. It also provides information on the likely level of capital investment that the Council will be able to support over the next five years and gives an indication of the level of resources that will be required, and that are available, to deliver this investment through the capital programme.

APPENDIX A

Current Capital Programme

Capital Schemes	2010/11 £000	2011/12 £000	Projected 2012/13 £000	Projected 2013/14 £000	Projected 2014/15 £000	Projected 2015/16 £000
Commitments B/Fwd from 2008/09	0	30	0	0	0	0
Commitments B/Fwd from 2009/10	6,246	0	0	0	0	0
Current Commitments:						
Disabled Facilities Grants	1,249	1,249	1,249	1,249	849	849
Major Repairs to Council Property	300	300	300	300	300	300
Vehicles & Plant	325	1,042	327	260	0	0
IT Equipment	458	245	189	193	108	108
Play Areas	50	0	50	0	50	0
Environmental Enhancements	160	0	0	0	0	0
CCTV	35	20	50	50	0	0
Total Existing Commitments	**8,823**	**2,886**	**2,165**	**2,052**	**1,307**	**1,257**
New Spending Proposals:						
Hostel Replacement	200	1,560	40	0	0	0
Old Town Hall	820	0	0	0	0	0
Housing Strategy (2010-15) *	900	900	900	900	0	0
Roman Frontier	2,060	0	0	0	0	0
Total New Proposals	3,980	2,460	940	900	0	0
Total	**12,803**	**5,346**	**3,105**	**2,952**	**1,307**	**1,257**

* This budget was re-profiled in Executive report of 4th June 2010. This re profiling is not reflected in this table as this shows the original programme for 2010/11 onwards.

APPENDIX B

Sustainable Communities

In February 2003 the ODPM produced a document called ‘Sustainable Communities: building for the future’ which provided a summary of the key requirements of a sustainable community as shown below.

1. A flourishing local economy to provide jobs and wealth;
2. Strong leadership to respond positively to change;
3. Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
4. A safe and healthy local environment with well-designed public and green space;
5. Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
6. Good public transport and the transport infrastructure both within the community and linking it to urban, rural and regional centres;
7. Buildings – both individually and collectively – that can meet different needs over time, and that minimise the use of resources;
8. A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
9. Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
10. A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;
11. A ‘sense of place’;
12. The right links with the wider regional, national and international community.

APPENDIX C

Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Reasonably Probable	Marginal	Strengthen the role of Project Assurance Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	Marginal	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. NWDA grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.