

Capital Strategy
2007/08 to 2012/13

ISLE OF WIGHT COUNCIL CAPITAL STRATEGY 2007/2013

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1 PURPOSE OF A CAPITAL STRATEGY

1.1 Why prepare a Capital Strategy?

1.1.1 A Capital Strategy establishes an organisation's approach to its Capital investment plans (and those of its Partner organisations) for the medium term i.e. beyond one financial year.

1.1.2 A Capital Strategy is a key element of a Medium Term Financial Plan as it addresses the following matters:-

- Investment needs
- Prioritisation of needs
- Funding
- Links to other key documents
- Relationships with Partner organisations
- Managing and monitoring implementation (performance)
- Risk Analysis

1.2 Capital Strategy and relationship to Strategic Asset Management Plan (SAMP)

1.2.1 Before deciding on the level of capital investment, the project(s) on which such investment should be spent, and the timing of such spending, it is crucial that the actual need to invest has been determined. In other words, what is the condition of all Council assets and what needs to be done to return them to an acceptable (as defined) standard? In some cases, this process will determine that investment is not necessary and/or that an asset is surplus to requirements and can be sold.

1.2.2 When complete, the SAMP is the vehicle for answering the above questions as it will have reviewed all Council property assets, assessed their condition; determined work required - physical and financial (i.e. estimated costs) and the priorities. They also have to be prioritised against the contribution such assets are/can make to the attainment of the Council's corporate objectives. Ultimately, the SAMP establishes the quantum from which Capital (and related Revenue) programmes can be prepared and, as investment needs are invariably significant, it is appropriate to prepare Capital programmes covering medium term periods, in this Council's case, six years. Progress on preparing the Council's SAMP is considered at paragraph 4.1.

1.2.3 The Council owns other assets e.g. highways, equipment (particularly IT and communications), etc. All assets have to be maintained and ultimately upgraded and/or replaced – part of their 'life-cycle'- if an organisation is to gain maximum benefit from their ownership and utilisation. So the SAMP alone is not sufficient and other plans e.g. Local Transport Plan also have to be taken into consideration.

1.2.4 The SAMP defines five headline property objectives for the Council's Portfolio namely that it should be:-

- Lean
- Service Driven
- Sustainable
- Safe, Secure and Productive
- Planned

It also describes a fundamental Property Vision of public service provision (driven by customer requirements and located close to the people that require them) through service hubs in key population centres (The Bay Area, Cowes, West Wight, Newport and Ryde), and local service centres and community-based facilities at neighbourhood level. The key statement however is that "More work needs to be undertaken to test the feasibility of our vision and the changes will be implemented through a series of pilots, which will then be reviewed prior to any phased roll-out".

1.2.5 The Strategy itself is described as a 'Direction of Travel' that, over time, "will develop considerably" and states that "all service properties that have not been reviewed recently will need to be reviewed by end of February 2007 to include assessment of the broad ongoing capital and revenue requirements". This exercise forms critical input to the preparation of any Capital Strategy and, without it, only limited progress can be made on formulating such a Strategy.

2 BACKGROUND

2.1 Previous Capital Strategy 2002/05

2.1.1 As was the case with most local authorities, the preparation of the 2002/05 Capital Strategy was prompted by Government demands for local authorities to make better use of their assets including releasing surplus assets to generate capital receipts. To help authorities produce their Capital Strategies, the Government issued a guidance template. The IoW's Strategy set the scene (in terms of the Council's asset holdings and values) and specified its objectives as:-

- Maximise the availability of sources of capital finance
- Deploy resources in the most economical, efficient and effective manner
- Fully utilise the potential of partnerships in effective and co-ordinated delivery of public services

The Strategy was approved by the then Executive in July 2002.

2.1.2 The Council's 2002 asset holdings and valuations are detailed at Appendix A and comparative data as at 2006 is also provided. Schools account for a major proportion of the Council's asset worth. The previous Strategy stated that "many of its [IoW's] public buildings are old in nature and in need of investment" and that remains the case today.

2.1.3 That Strategy also stated that "the plan will change as a result of changing circumstances although it is hoped that it will provide the framework for all property related decisions for the Council over the next ten years". Given the nature and pace of change, this hope has proved over-optimistic and a new Strategy now needs to be put in place.

2.2 Comprehensive Performance Assessment (CPA); Use of Resources (UoR) Assessment, and the Gershon Efficiency Savings scheme

2.2.1 Local authority finances have always been 'tight', increasingly so in recent years with ever-increasing responsibilities being imposed without, necessarily, an appropriate level of Government financial support. The pressure for greater efficiency and effectiveness has been 'backed-up' by a variety of external systems of Targets and performance measurement in particular CPA, UoR, and the Gershon scheme.

2.2.2 For each local authority, the initial outcome of CPA was a publicly announced statement of whether the authority was ranked as Poor, Weak, Fair, Good or Excellent. IoW Council was assessed as being 'Fair'. In 2006, the Council was further assessed (based on an Audit Commission inspection in May 2006) and was rated as 'two stars' ("adequate" and broadly comparable with the previous 'Fair').

2.2.3 The UoR assessed local authorities for their competence in financial management and their ability to provide Value for Money (VFM). This was

scored 1 to 4 with 1 being 'Not attaining minimum standards' and 4 being Excellent. IoW Council scored 2.

- 2.2.4 Gershon required authorities to achieve substantial savings – over £6billion in total. In this context, IoW have been pro-active and sought to achieve in excess of the required amounts.
- 2.2.5 On the Capital side, there has been a growing recognition that authorities have significant asset holdings and that they should be utilised in the most cost-effective way. Accordingly, authorities have adopted more commercial approaches to property management and improving resource utilisation by increasingly linking it to priorities. These developments will be apparent throughout this Capital Strategy.

3 CONTEXT

3.1 Community Strategy

3.1.1 The Community strategy is the over-arching Plan for the Island. It is built around the Local Area Agreement (signed by the Island's Local Strategic Partnership, the Isle of Wight Council and the Government in 2006) and draws on and influences plans from all key local organisations.

3.1.2 The Strategy has a focus on four main themes (with Aims and Priorities for each one) as follows:-

1. A Safe and Strong Island – “we will create an Island where people value and respect one another and feel safe and secure”. The priorities are to:-
 - Reduce overall crime levels and the fear of crime
 - Reduce levels of anti-social behaviour
 - Increase the numbers of people who feel that their area has “got better”
 - Increase the numbers of people engaged in community and civic activities.
 - Improve awareness of diversity and equalities issues
 - Improve access for those living in the most disadvantaged communities
 - Improve safety on the road, at home and work
2. A Skilled and Educated Island – “We will create an Island where young and old alike have the skills and qualifications necessary for a happy and fulfilled life”. The priorities are to:-
 - Improve school performance at GCSE and Key Stage 2
 - Reduce teenage pregnancy rates
 - Reduce bullying at school
 - Increase the numbers of children and young people who think that services are “good” or “better”
 - Improve the employment prospects of 14 to 19 year olds.
3. A Healthy Island – “We will create an Island where everyone enjoys the best possible health, has a good quality affordable home, and generally enjoys a good quality of life”. The priorities are to:-
 - Reduce smoking and promote a smoke-free Island
 - Increase levels of physical activity and reduce obesity rates
 - Reduce suicide rates
 - Improve the take-up of benefits by older people
 - Improve levels of satisfaction for home care for older people
 - Reduce homelessness and increase the provision of affordable housing
4. A Thriving Island – “We will create an Island with a first-rate infrastructure where business can grow and provide well-paid sustainable job opportunities”. The priorities are to:-
 - Improve business growth and productivity
 - Increase average earnings
 - Improve the value and quality of tourism

- Attract new jobs and investment to key employment zones
- Improve the Island's image and raise community aspirations
- Improve the level of skills and qualifications in the workforce
- Maintain low levels of unemployment, and reduce benefit dependency
- Enhance the quality of the Island's natural environment, countryside and coast

3.2 New Council and 2020 Vision

3.2.1 In May 2005, the Conservatives gained control of the Council and have established a clear vision for its activities that is shared with the Local Strategic Partnership.

3.2.2 The 2020 Vision is of:-

A progressive Island built on economic success, high standards and aspirations, and a better quality of life for all.

.....and encapsulates the principles of community leadership, sustainability, high performance and cost effectiveness – the key drivers shaping the Council's future approach to service delivery, and reflected throughout this MTFP.

3.3 The Council's Corporate Strategy and objectives

3.3.1 The Council's "Vision" is to be fulfilled by focussing resources on delivering measurable outcomes across *five objectives* (four being external and the final one, in the list below, internal) as follows:-

- Drive the sustainable regeneration and development of the Island
- Improve the health and well-being of Island communities
- Create safer and stronger communities
- Improve outcomes for children and young people
- To be a high-performing, cost-effective Council.

3.3.2 The Vision and Objectives are consistent with the Council's ambition to be an excellent CPA-rated Authority by 2008 and to be amongst the top-performing councils in the country. However, the Council recognises that to be most effective, it must allocate its resources to the *most urgent and important aims* which, taking into consideration the results of Residents' Surveys (see para. 3.5 below), have been agreed as follows:-

- have high performing, skilled school children especially at Key Stage 4
- have an accessible, effective and integrated transport system
- have an effective Fire and Rescue Service
- create effective partnerships where they are able to improve service delivery, cost effectiveness or community engagement.
- ensure that all services are cost effective and offer maximum VFM

3.4 Partners and Stakeholders

3.4.1 The Island has traditionally embraced partnership working and in recent times has endeavoured to improve on these links (see section on Community Strategy above). The Local Area Agreement and the Strategy set out a range of objectives for the Island to be delivered by the Council, the NHS and a range of partners from the public, private, voluntary and community sectors over the next three years.

3.5 Residents Surveys

3.5.1 The Council places great store on the views of its residents and engaged Consultants to undertake a comprehensive Residents Survey the results of which were published in 2006. There were three main categories of issues namely:-

a) Value

Residents are concerned that the Council is not delivering good quality services, in particular local roads and amenities. Communications between the Council and Residents is also seen as an area of weakness. And there is no clear feeling that the Council provides value-for-money.

b) Respect

There are key anti-social behaviour problems that the Council needs to address e.g. speeding drivers

c) Pride

Whilst there is a pride in the Island, it is undermined by concerns about environmental issues e.g. the quality of roads and local amenities, and vandalism.

3.5.2 The Consultants state that the key recommendations that the Council has to address if it is to improve its reputation amongst local residents are:-

- The Council's "One Island" strategy – responsibility and respect are absolutely critical in communicating what the Council and partners are doing to tackle anti-social behaviour.
- Improving residents' perceptions of the quality of key universal services (roads and the environment)
- Improving staff advocacy
- Showing that the Council is involving the community and is outward looking
- Benchmarking performance and measuring success.

4 FACTORS AFFECTING A CAPITAL STRATEGY

4.1 The Council's SAMP 2006

4.1.1 The Council's SAMP was formally approved by the Council in September 2006. Whilst it was described as a "Direction of Travel" rather than a blueprint for the future, the Chief Executive and leading Members did state at the outset that "the document represents our commitment, for the first time, to adopt a genuinely strategic approach to the consideration of our property and accommodation requirements of our portfolio".

4.1.2 The SAMP outlined the Challenge for the Property Portfolio as follows:-

"The profile of our portfolio and our proposed framework for capital investment present a number of challenges to the Council which it is imperative that we address. We are concerned that our portfolio may be too large for our needs and that in many cases our properties are in poor condition, inefficient, and inadequately address the changing profile of service requirements and customer needs. We have a large maintenance backlog which will be extremely difficult to eradicate within the context of our manifesto commitments to limiting the annual increase in Council Tax.

It is our belief that we have the opportunity to undertake a rationalisation programme without a reduction (and potentially an improvement) in our service delivery standards. Furthermore, we have the opportunity to enhance the sustainability of our portfolio in both financial and environmental terms. Our property strategy will assist us to develop these judgments into a rigorously defined and justified programme of change, which will drive higher performance and efficiency.

The rationalisation should lead to an improvement in the retained operational property, creating a more efficient working environment which is more customer-focussed and supports a better delivery of services. It should also lead to revenue savings as a result of the portfolio working more effectively. Finally, the rationalisation of the operational and non-operational portfolio will support the Capital Receipts programme with the proceeds, through a maximisation of values, supporting regeneration and service objectives".

4.2 Government and Audit Commission Guidance on Asset Management

4.2.1 In 2000, the Audit Commission issued detailed Asset Management advice in their publication "Hot Property – getting the best from Local Authority assets".

4.2.2 More recently (September 2005 and July 2006 respectively), the DfES issued two documents as part of the 'Building Schools for the Future' (BSF) programme. They were entitled "Guidance for local authorities on improved joined-up planning and funding" and "Strategy for Change – Guidance for Local Authorities in BSF Wave 4". The Guidance is Education-based but has relevance for authorities as a whole. In particular, Annex G of the 2005 paper provides ten 'Principles for sound investment' and that Annex is included in this paper as Appendix B. The Principles are paraphrased below for convenience:-

- Do not undertake development in piece-meal fashion – ensure that any development is consistent with a longer-term Master plan.
- If there is no longer-term plan, do not undertake development that hinders longer-term development opportunities.
- Do not 're-invent the wheel' – use exemplar designs that have been successful on previous occasions.
- Whilst short-term investment is generally to be avoided (on the basis that it is only an interim solution), in certain cases it will be unavoidable if only because it would unreasonably disadvantage the local community. This judgment must always be made as part of the investment process.
- Decisions to delay investment must not result in non-compliance with other legal obligations e.g. under Health & Safety or the Disability Discrimination Act.
- Do not delay schemes pending the possibility of 'main-stream' funding if other funds are already available.
- Judgments about whether smaller, short-term suitability improvements represent VFM are matters for local decision
- Relevant and timely approvals should be obtained where alterations to statutory plans have to be made.
- Development plans should have regard for local planning and potential future S106 agreements.
- Take into consideration the effect that the new development could have on catchment areas and demand for the facilities.

4.2.3 The above Principles can be regarded as a schedule of applied common sense. They have relevance to both new build and renovation developments and, to a large extent, can be applied to non-Educational development plans. They are therefore highly relevant to any Capital Strategy

4.3 Service Capital Strategies

4.3.1 The Council has several Service Capital Strategies (e.g. Education, Transport, Housing, Social Services, Coastal Management, etc) that are considered further in Appendix C but, as the SAMP states, "in order to successfully implement this strategy, it will be necessary for strategic property matters to be centrally co-ordinated and, to this end, we will ensure that **all** property issues are referred to the Property Management Group by Service Departments".

4.3.2 The purpose of the Service Capital Strategies is to review the Service assets and determine condition, fitness for purpose, investment needs and priorities, etc. All Services will take heed of any available professional guidance when determining their Service needs and investment priorities, and the Service prioritisation process will vary from one Service to another. The following three examples illustrate the point:-

(a) Local Transport

The methods of determining the LTP priorities are explained in Section M of the LTP 2006/11. An illustration of how these principles are applied to Minor Works and Safety improvements is given at Appendix D.

(b) Property

AMP Condition Assessment surveys of all schools were undertaken in 2005 and they have been up-dated since. Fire and Rescue and Library sites have also been surveyed. The remaining portfolio has not yet been subject to these comprehensive surveys and, therefore, probably excludes mechanical and electrical installations. The surveys have been categorised (see Appendix E) with a view to identifying those properties in need of attention and the nature, extent and estimated cost of the remedial works. Future works will therefore be carried out in accordance with maintenance priorities, the first being to secure the building fabric namely Roofs; External Walls; Windows; Doors and Building Services; Mechanical Services; and Electrical Services.

By packaging works at the selected properties (rather than using the piecemeal, series of individual jobs that characterised the past), the Council should achieve improved value-for-money.

(c) ICT

The [draft] ICT Strategy proposes four criteria for determining ICT priorities namely:-

- Protect users data – investments in security, business continuity and other areas to ensure user data is safe, secure and readily recoverable onto other platforms in the event of catastrophic loss of systems or services
- Keep the show on the Road – a rolling programme of maintenance to ensure the authority has ‘fit for purpose’ ICT
- ‘Invest to Save’ schemes – projects which will deliver clear cashable benefits which can be used to fund other transformational work
- Invest to improve services - projects to support and improve service delivery across the organisation. (This is considered to be the most challenging area to fund).

- 4.3.3 Not all Service strategies incorporate medium-term Capital and Revenue budget estimates necessary to fulfil the plans. This should be a requirement for the future.
- 4.3.4 Whilst individual Services have to determine their Service priorities, the Council has to determine its corporate priorities and this is achieved through the process outlined in Section 5.3.2(b) below.
- 4.4 The current (2006/07) Capital Programme (see Appendix F)
- 4.4.1 The current capital programme is a major factor affecting the Capital Strategy at least in the medium-term. It will contain many schemes that are already in progress; others that are legally committed but not yet commenced on site; some approved by Council but for which contracts have yet to be completed, etc. In some cases, physical progress will lag behind plans and, as a consequence, expenditure will 'slip' into 2007/08. They have all attained 'priority' status using past evaluation procedures and in some cases, therefore, may not be wholly consistent with current Council priorities and objectives.
- 4.4.2 The current Capital Programme includes many schemes that directly address the backlog of repair and maintenance (R&M) work required to Council property (including Highways). The property R&M backlog is estimated to be £45m (excluding DDA and Asbestos work); the Highways backlog is estimated at £168m.
- 4.4.3 The efforts to make the Council's property assets 'fit for purpose' require significant investment. Some of the current schemes are illustrated in the Table below. It is highly likely, however, that if the Council is to eradicate this backlog within the 8 to 10 year time period envisaged in the SAMP, significant additional resources will be required. Once the work requirements have been assessed and costed, plans can then be put in place to seek to generate the necessary funding, and Capital Receipts will be a key factor in this process.

An illustrative selection of R&M Schemes in the 2006/07 Capital Programme	
	<u>£'000</u>
Adult and Community / Culture and Leisure	
Newport Roman Villa – Roof and toilet repairs	40
Ventnor Botanical Gardens – Foul drainage	84
Shanklin Theatre – Phase II	63
Environment, Regeneration & Neighbourhoods	
Apse Heath carriageway repairs	151
Newport Rd Upper Ventnor - reconstruction	174
Central Services	
Planned Maintenance	353
Management of Asbestos	65
	<u>£'000</u>

Education	
Shalfleet Primary – Mobile and replacement of windows	160
Solent Middle – roof repairs	150
Somerton Middle – maintenance	180
Downside Middle – roof repairs	194

4.4.4 The previous Tables show the current Capital Programme and the ways in which it contributes to resolving the repair and maintenance backlog of the Council. The issues that need to be taken into consideration when seeking to quantify the additional expenditure necessary to tackle the maintenance shortfall, the potential sources of such funding, and realistic timescales are detailed below:-

- Additional repair and maintenance expenditure needs (to emerge from asset management maintenance prioritisation processes (see para. 4.3.2(b) above).
- Potential additional financial resources e.g. Capital Receipts (to emerge from the SAMP), Grants (to be pro-actively sought by Council officers), Partner contributions, etc.
- Seeking to ‘package’ contracts for remedial works (so as to avoid a piecemeal approach) and thereby maximise VFM.
- Phasing of the additional expenditure / funding
- Revenue implications
 - Interest on capital receipts pending utilisation
 - Savings to be applied in accordance with a new Utilisation Policy
 - As assets are made ‘fit for purpose’, proper R&M provision must be made to ensure that such assets do not fall back into disrepair in the longer term.

4.5 Other Factors

4.5.1 There are many other items that affect a Capital Strategy e.g. Local Area Agreement (LAA), Regeneration and Economic Development strategies, Change Management, the Government’s Comprehensive Spending Review, changes in Capital Finance rules as they apply to local government, etc. These matters are addressed at Appendix G.

5 CAPITAL STRATEGY – PREPARING THE CAPITAL PROGRAMME

5.1 Time-frame for a Capital Strategy

5.1.1 The Council's current practice is to establish its Capital expenditure plans over a six year period and to look at its Revenue expenditure plans over three years. The SAMP suggests that a Capital Strategy should cover a five to ten year period; and the Local Transport Plan has to cover a 5-year period. So, for the purposes of this Capital Strategy, the current six year approach is maintained. It may be opportune, for Capital Strategy purposes only, to review revenue over a similar time-frame.

5.2 Resources

5.2.1 Capital Resources are finite in nature but arise from various sources. For example, Government will support borrowing through Supported Capital Expenditure (SCE's); along with other organisations, Government can also provide Grant-aid. Under the Prudential Borrowing rules, Authorities can also borrow to finance capital expenditure, subject to confirming compliance with the 'affordability test'. They can also meet capital expenditure direct from revenue (subject to impact on the Council Tax) and from receipts from the disposal of surplus assets (see Appendix H for Asset Disposal policies which form part of the current review of the Constitution).

5.2.2 Some of the above items are fixed e.g. SCE's; others provide opportunities (subject to revenue implications / Council Tax); capital receipts can provide significant sums but, of course, can only be used once. It is important that the generation and utilisation of resources are planned to match as far as practicable the plans within the SAMP.

5.2.3 Whilst the Council can do its utmost to maximise its own resources (including selling assets to generate capital receipts), another dimension (illustrative of the support for partnership working) is to satisfy some property needs through jointly funded developments. For example, whilst accommodation has traditionally been built for the Council, for the NHS, for the Police, etc, joint working could see the requirements of all organisations satisfied through one cost-effective development. The SAMP commits the Council to reviewing such opportunities, but they need to be 'firmed-up' before they can be reflected in a Capital Strategy.

5.2.4 The Capital resources currently estimated to be available to the Council in the period to 2013 are detailed below. They assume some £54m of Capital receipts derived from the sale of assets currently deemed surplus to requirements and, more particularly, non-operational assets deemed regeneration opportunities. This figure should increase as the SAMP identifies further surplus assets.

ESTIMATED CAPITAL RESOURCES 2007/08 TO 2012/13

Capital Resource	Financial Year - all figures in £'000						TOTAL 2007/13
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Supported Borrowing:-							
Education	11,877.2	11,000.0	11,000.0	11,000.0	11,000.0	11,000.0	66,877.2
Highways	3,241.0	4,302.0	4,226.0	4,131.0	0.0	0.0	15,900.0
Fire & Rescue	127.0	127.0	127.0	127.0	127.0	127.0	762.0
Adult Social Servs	88.0	88.0	88.0	88.0	88.0	88.0	528.0
Children's Soc Servs	114.0	114.0	114.0	114.0	114.0	114.0	684.0
B/fwd from 2006/07	1,383.6						1,383.6
Prudential Borrowing:-							
New	3,375.0						3,375.0
B/fwd from 2006/07	2,524.4						2,524.4
Capital Grants	19,052.4	19,509.0	17,626.0	20,987.0	6,732.0	115,851.0	199,757.4
Capital Receipts	5,530.3	13,156.5	8,922.5	14,328.6	6,520.3	5,614.9	54,073.1
Other resources:-							
From Revenue	371.6	371.6	371.6	371.6	371.6	371.6	2,229.6
B/fwd from 2006/07	2,970.1						2,970.1
TOTAL	50,654.6	48,668.1	42,475.1	51,147.2	24,952.9	133,166.5	351,064.4

5.3 Expenditure

5.3.1 Commitments

When preparing the Capital Programme for the forthcoming period, there will be commitments resulting from schemes that commenced in previous year(s) and remain incomplete. Funds have to be provided to first honour these commitments.

5.3.2 New Schemes – the corporate approach

(a) *Financial and Option Appraisal of schemes*

Before any new scheme can be accepted into the Capital programme, it must have been financially evaluated (a thorough assessment of its estimated net Capital and Revenue costs) and subject to an Option Appraisal (i.e. assessed against other scheme(s) capable of providing similar service benefits). The method by which this is done is detailed at Appendix I.

(b) *Prioritisation*

Whilst a scheme may prove worthy from a Financial and Option Appraisal viewpoint, it does not mean, in the context of scarce resources, that it will achieve a higher priority against other competing schemes. In order to ensure a fair and consistent approach to this evaluation, a prioritisation process has been designed and the relevant documentation is illustrated at Appendix J.

(c) *Revenue implications and Council Tax*

A Capital scheme may be viable in terms of the level of capital investment required; however it may have massive revenue implications that could put unacceptable strains on the Revenue Budget (and Council Tax) if it were to go ahead. For this reason, all new schemes should also be assessed for their potential impact on the Council Tax.

5.4 Revenue savings – utilisation strategy (see Appendix K)

5.4.1 Rationalisation of asset holdings and disposal of surplus assets should result in savings to the Revenue budget. For example, heat, light, cleaning, and repairs and maintenance costs will no longer need to be expended on the premise(s). These reductions in cost (savings) need to be evaluated as an integral part of the process of identifying surplus assets for disposal..

5.4.2 The revenue savings can be used to supplement the resources otherwise available for capital investment; they can be used to reduce the Revenue Budget and hence the Council Tax requirement; they can be saved for future general or specific purposes (contribution to Funds); or for a combination of the foregoing. It is for the Council to decide how it wishes to utilise such savings but it has to do so during a period when it is committed to improving the quality of its assets (improved ‘fitness for purpose’) and also committed to limiting Council Tax increases to RPI. In such circumstances, a flexible rather than rigid utilisation policy would seem highly appropriate. Due regard should be had for progress in other related areas e.g. with generating Capital Receipts.

5.5 Responsible Officers

5.5.1 Every project in the Council’s capital programme should have a ‘Responsible Officer’ assigned to it. His/her overriding responsibility is to ensure that ‘their’ project(s) are undertaken in compliance with all regulations, on schedule and within budget. It is self-evidently a very important task for which project management training is often beneficial. The Council needs to ensure that Responsible Officers are not only appointed but are fully able to perform the role.

5.6 Capital Programme 2007/13 and publication arrangements

5.6.1 The estimated capital expenditure over the six year period is summarised in broad terms in the Table below. On 21 February 2007, Council approved the level of capital resources for 2007/08 as £50,654,600. With regard to resource allocations to individual schemes in 2007/08, Council determined that “Detailed scheme allocation within this total be determined by Directors Team, with subsequent approval by the relevant Cabinet member”.

ESTIMATED CAPITAL EXPENDITURE 2007/08 TO 2012/13

SERVICE	Financial Year - all figures in £'000						TOTAL £'000
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Slippage b/fwd from 2006/07	653.0						653.0
Adult & Community	2,933.1	5,595.6	4,164.8	6,124.9	4,126.0	4,266.3	27,210.7
Reg'n & N'brhoods	22,788.0	17,853.4	11,848.8	8,024.5	3,847.8	2,962.1	67,324.6
Central Services	258.7	1,259.5	1,290.9	1,108.2	941.5	770.5	5,629.3
Sub Total	26,632.8	24,708.5	17,304.5	15,257.6	8,915.3	7,998.9	100,817.6
Education & Children	26,740.4	35,987.6	37,844.6	56,605.6	41,904.6	136,052.6	335,135.4
Est total Expenditure	53,373.2	60,696.1	55,149.1	71,863.2	50,819.9	144,051.5	435,953.0
Resources available	-50,654.6	-48,668.1	-42,475.1	-51,147.2	-24,952.9	-133,166.5	-351,064.4
Scheme(s) to be deleted / deferred	2,718.6	12,028.0	12,674.0	20,716.0	25,867.0	10,885.0	84,888.6

5.6.2 The expenditure shown against “Education and Children” in the Table above covers the two School re-organisation options (Plan A and Plan B costing £32.4m and £49.3m respectively over the period to 2012/13). By definition, when a decision is made in favour of one of the options, then the scale of the “Scheme(s) to be deleted / deferred” will reduce accordingly.

5.6.3 Once Directors Team have determined the Capital Programme priorities as devolved by Council, the Capital Programme can be published (hard copy, Web version, etc).

5.7 The wider picture – Joint use of facilities

5.7.1 The medium to longer-term picture for IoW property (and for all future Capital Strategies) is a portfolio that is consistent with the Council’s accommodation and other needs and is fit for purpose. However, that does not mean that all the property has to be in the Council’s sole ownership opportunities exist for developing properties that can serve the joint or tri-partite requirements of two or three organisations e.g. Council and NHS (PCT) and / or the Police authority, etc. This inter-corporate approach to new build should increasingly improve VFM. These prospects could currently be described as the Direction of Travel and are illustrated in the Memorandum of Understanding between the Council and the NHS (PCT) (see Appendix L).

6 CAPITAL STRATEGY – IMPLEMENTING THE CAPITAL PROGRAMME

6.1 Governance issues

6.1.1 The fact that a scheme appears in a Capital Programme does not in itself give the green light to implementation and expenditure. There are various rules (Council, Statute, and European) that have to be complied with and a brief commentary is given at Appendix M.

6.2 Reporting arrangements

6.2.1 It is highly desirable and professional to seek to implement capital schemes in accordance with both the planned timetable and budget. To assist this process, managers are dependent on regular reports on progress ‘on site’ and progress against budget. The necessary action in respect of such performance data is addressed below.

6.2.2 Capital monitoring reports are presented to the Service Boards on a monthly basis and to Cabinet quarterly. The standard reporting formats are illustrated at Appendix N.

6.3 Monitoring procedures and Officer, Member and Partner responsibilities

6.3.1 Monitoring procedures are put in place for two main reasons namely to ensure that schemes proceed on time within Budget and, second, for management to take corrective action if it is clear that projects are not proceeding as planned. Corrective action can put projects ‘back on track’ but there will be times when delays are unavoidable and, in such circumstances, projects selected from approved, prioritised reserve lists should be brought forward to ‘take up the slack’. Re-prioritisation of the capital programme takes place as part of the new corporate budget monitoring arrangements now in place.

6.3.2 Monitoring expenditure (Budgetary control) forms part of the Council’s Corporate Governance arrangements and to varying degrees is the responsibility of Heads of Service, Directors, Management Team, Portfolio Holders, Cabinet and, ultimately, Council. It is imperative that all parties continue to fulfil their responsibilities if the process is to be fully effective.

7 POST-IMPLEMENTATION PROCEDURES

7.1 Review implementation

7.1.1 On completion, it is good practice to review the outcome of a Project – did it start and finish in accordance with planned timetables? Was it completed within the approved Capital Budget? Did the revenue costs match budgeted expectations? Did the Project fulfil the objectives originally intended or were one or more corporate objectives not met or, at least, not fully? And, if any elements were less than successful, what were the reasons? With the benefit of hindsight, what approach should have been adopted?

7.1.2 These questions and the answers thereto will be formally documented and built into the Council's learning process. This will be done via the Post Implementation Review Form (Appendix O) which is reported to the monthly budget monitoring meeting.

7.2 Informing the process of the lessons learned

7.2.1 There will be occasions when delays or cost overruns are unavoidable e.g. the vagaries of the weather can play havoc with Project implementation. On the other hand, there are occasions where delays should not have occurred (e.g. a failure to have obtained [timely] planning permissions), and it is experience such as this that needs to be fed back into the process to ensure no repetition.

8 RISK MANAGEMENT

8.1 Risks associated with Capital Strategy / Programme

8.1.1 Risks to the Capital Strategy arise from both external and internal factors. External risks include, for example, possible future Government policy decisions that impact adversely on the Council. Internal risks, for example, could be cost over-runs or changing priorities, or could be influenced by external factors e.g. capital receipts failing to materialise (or at least not on the scale anticipated) due to adverse economic conditions.

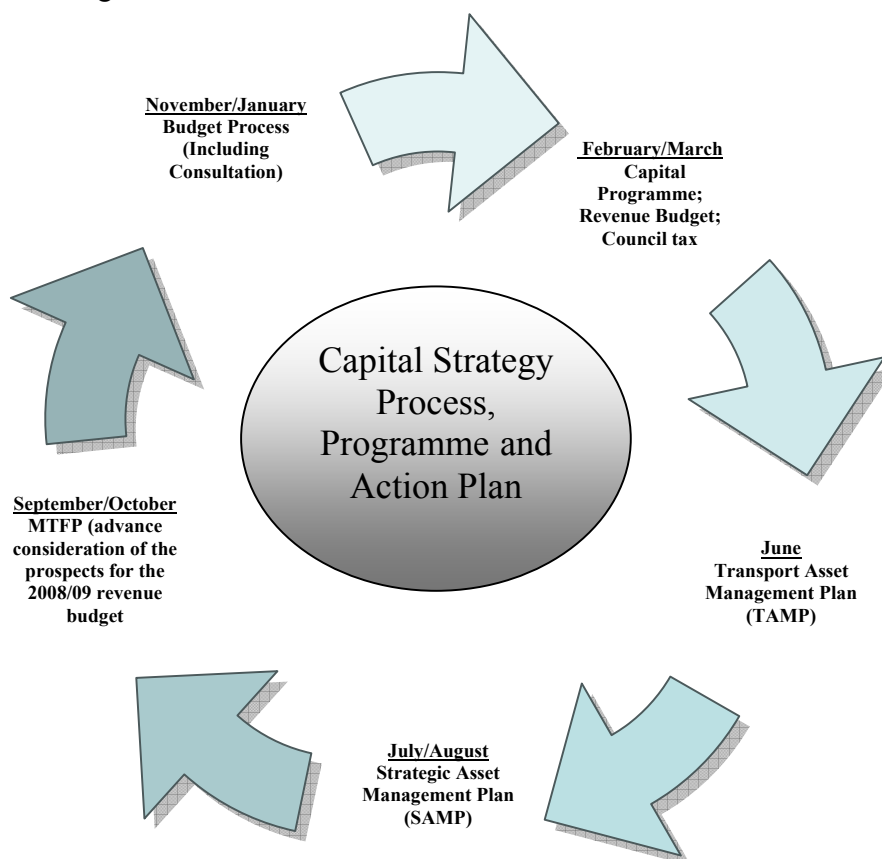
8.2 Risk Assessment and action

8.2.1 An assessment of the Capital Strategy / Programme risks and Management measures to combat such risks is given at Appendix P.

9 CAPITAL STRATEGY – PROCESS, PROGRAMME & ACTION PLAN

9.1 Components of medium –term planning

9.1.1 The Council’s medium-term planning should progress broadly in line with the diagram below:-



9.1.2 At this point in time, the asset management plans are not complete. Consultants have been engaged to support the Council’s under-resourced Property Management Group (PMG) and facilitate earlier delivery of the SAMP. The Consultants prime remit is to undertake a strategic property review jointly with the Council’s Partners (PCT and Police), and to work on specific projects e.g:-

- an options appraisal for a joint HQ office
- reducing / reviewing leases to generate opportunities for savings in running costs and for generating Capital Receipts.

PMG will concentrate on determining the Council’s R&M liability and costing the necessary remedial works. This interim Capital Strategy and the Action Plan need to be reviewed and developed further (at least annually) and particularly so once the Consultants report is available.

9.2 Process chart and Action Plan

9.2.1 Where improvements to current processes and procedures can be instigated forthwith, they are detailed in the Process chart and the interim Action Plan (see Appendix Q). The improvements include:-

- taking into account the Principles for sound investment detailed in paragraph 4.2.2 when considering all new schemes
- rejection of Capital Bid documentation where it is not fully completed (in particular the assessment of (i) contribution to corporate goals (ii) estimated capital costs (iii) estimated revenue costs/savings
- packaging remedial works so as to maximise VFM.
- revision of the Asset Disposal Policy
- Post Implementation Review forms to be completed for all schemes, etc.

9.2.2 The Capital Programme 2007/08 comprises:-

- (a) Commitments (i.e. schemes where work has already started on site)
- (b) Schemes previously approved (i.e. satisfied the corporate evaluation criteria) but for which contracts have not yet been exchanged / work commenced
- (c) Approved schemes (i.e. satisfied the corporate evaluation criteria) that have not yet received approval in terms of release of funds.

9.2.3 Resources of £50.6m were approved at February 2007 Council. The Directors Team has to decide which schemes have priority within that approved resource level.

APPENDIX A

THE COUNCIL'S ASSET HOLDINGS AND VALUATIONS

	<u>31 MARCH 2001</u>		<u>31 MARCH 2006</u>	
	<u>No.</u>	<u>Value</u> <u>£million</u>	<u>No.</u>	<u>Value</u> <u>£million</u>
<i>Operational Building Assets</i>				
Land and Buildings		153.0		227.3
Total number of buildings	<u>328</u>		354	
To include:-				
Schools (see below)	69		69	
Other Educational establishments	6		15	
Social Services establishments	21		14	
Youth & Community Centres	11		17	
Libraries	11		12	
Fire Stations	10		10	
Leisure Facilities	5		21	
Tourist Information Centres	7		5	
Waste & Disposal energy centres	3		4	
Cemeteries	24		16	
Crematorium	1		1	
Museums	4		4	
Magistrates Court	1		N/A	
Public Conveniences	88		85	
Stores	12		19	
County Council Offices	1		6	
<i>Non-Operational Assets</i>				
Land & Building assets		<u>7.8</u>		<u>2.1</u>
		160.8		229.4
<i>Infrastructure</i>		28.3		69.0
<i>Vehicles and Plant</i>		6.5		4.2
<i>Community Assets</i>		<u>1.6</u>		<u>1.1</u>
VALUE OF ASSET PORTFOLIO		<u>197.2</u>		<u>303.7</u>
<i>Highway infrastructure (estimate)</i>				568.0
 <u>Schools comprise:-</u>				
Community primary schools	25			
Voluntary controlled primary schools	12			
Voluntary aided primary schools	9			
Community middle schools (secondary)	12			
Voluntary controlled middle schools (sec)	2			
Voluntary aided middle schools (sec)	2			
Community High schools	5			
Special schools	<u>2</u>			
	<u>69</u>			

DfES BUILDING SCHOOLS FOR THE FUTURE – GUIDANCE ON JOINED-UP PLANNING AND FUNDING

10 principles for sound investment

1. Ensure that any building work taking place before investment under Building Schools for the Future complements the wider, long-term plans for the school.

Put a Master Plan for each site in place to ensure that new buildings or facilities contribute to the long-term plans for the school, including what would be built under Building Schools for the Future. Abortive expenditure should be avoided. Building Schools for the Future plans should avoid replacement of recently built suitable and sound buildings. When considering infrastructure investment in, for example, ICT equipment or specialist equipment to improve access for disabled students, LAs and schools should seek to ensure that, wherever possible, this equipment can be transferred to any new buildings and that it would be suitable for a 21st-century school.

2. Where there is no long-term buildings plan for a school, ensure that new facilities are sited in locations that would not impair future work.

Where schools are prioritised for later waves of Building Schools for the Future, investment in the meantime may still be needed. If a detailed building plan for the school does not yet exist, careful consideration should be given to the siting of any new facilities on the site, to ensure that they can form part of a long-term development plan for the school site and can readily be incorporated into any future plans for Building Schools for the Future. We appreciate that schools on confined sites may not have the same flexibilities to achieve this.

3. Use the exemplar designs and building bulletins for guidance and inspiration when planning building projects before and during Building Schools for the Future.

In February 2004, we published exemplar designs for school buildings. These will serve as examples of how schools can reach 21st-century standards and, along with many other examples of inspiring school design, can create a benchmark for design quality and cost. LAs and schools can minimise the risk of potential planning and design problems by ensuring that projects built before Building Schools for the Future meet the standards of the exemplar designs and our building bulletins, as well as ensuring that projects can be incorporated into the longer-term plans under Building Schools for the Future.

www.teachernet.gov.uk/management/resourcesfinanceandbuilding/schoolbuildings/designguidance/

4. Ensure that current pupils and those about to join the school are not disadvantaged by any delays to essential building work before Building Schools for the Future.

LAs and schools may be faced with a difficult choice of whether or not to invest in a school improvement project which will be ultimately replaced under Building Schools for the Future. As outlined above, we would strongly encourage LAs and schools to take steps to avoid replacing buildings after a short period. However, on occasion, short-term improvements will be necessary. There is of course a need to ensure that current pupils and those about to join the school are not disadvantaged due to lack of essential investment before Building Schools for the Future starts. LAs and schools will need to make judgements on balancing present and future needs, and we would encourage close collaboration between schools, LAs, architects and private sector partners in identifying solutions.

5. Continue to meet legal requirements (e.g. health and safety and disability access regulations) in the years before Building Schools for the Future.

Schools must, as a priority, continue to meet always their legal requirements (e.g. health and safety and fire precautions legislation, and the provisions of the Education (School Premises) Regulations 1991). All schools and LAs also have a legal duty under the Disability Discrimination Act to plan improved access for disabled pupils in a strategic way over time through the preparation of accessibility plans and strategies respectively. Schools and LAs must continue to review and develop their plans/strategies so that disabled pupils who are currently attending school or are due to join a school are not disadvantaged. LAs, dioceses and schools should also be mindful of the anticipated increase in standards under the EU Directive on the Energy Performance of Buildings, which will affect both new and existing buildings.

Full details on standards for school premises, access for disabled pupils and energy performance can be found via the following links:

www.teachernet.gov.uk/docbank/index.cfm?id=3928

www.teachernet.gov.uk/wholeschool/sen/schools/accessibility/dda/

www.defra.gov.uk/environment/energy/internat/ecbuildings.htm#Involve

6. Proceed with agreed projects where they can be financed from other sources rather than wait for Building Schools for the Future to start locally.

Where a school has been approved funding for a project, for example under the private finance initiative, targeted capital fund or the Big Lottery Fund (formerly the New Opportunities Fund), or where its needs have been prioritised for a share of LA formulaic funding, LAs and schools should proceed with these projects rather than delay them in anticipation of future investment under Building Schools for the Future. However, they must ensure that these projects complement Building Schools for the Future work and would not be replaced after a short period.

Where we agree to provide support under Building Schools for the Future to schools that are already subject to private finance initiative or other facilities management contracts, this may produce issues surrounding the procurement of the new building work and maintenance agreements. In such cases, there will be no general solutions and the Department and Partnerships for Schools will work with the LA and the schools to ensure that any such arrangements proceed as smoothly as possible.

7. Make local judgements on whether smaller, short-term suitability improvements represent value-for-money.

It is important for schools to strive to be suitable, welcoming and accessible locations preceding investment under Building Schools for the Future. It is therefore entirely appropriate for reasonable investments to be made in schools to meet suitability needs or for condition improvements and to avoid decay and neglect. (Routine maintenance such as repainting is not of course, a capital investment but a recurrent cost.)

Suitability or condition shortcomings, including those which impact on staff and student morale, should be identified in asset management assessments. It would be for the LA and school, with advice from the diocese in cases affecting Voluntary Aided schools, to make a balanced judgement on short-term improvements that may be replaced under Building Schools for the Future within a few years.

8. Seek approval from the schools organisation committee where there are any changes or delays to work requiring statutory proposals.

It is important that where capital work requires statutory proposals (e.g. prescribed alterations to school premises), LAs ensure that published notices accurately reflect their intentions. Should LAs subsequently decide on a different course of action or if there are any in implementing their proposals they must inform the schools organisation committee and seek the necessary approvals for any changes. If it appears no longer appropriate to implement approved statutory proposals, LAs will need to publish proposals to be relieved of the duty to implement.

www.dfes.gov.uk/schoolorg/decision-makers-guidance.cfm

9. Consider whether a proposed sale of assets might impact on Building Schools for the Future aims.

The strategic vision of Building Schools for the Future may give LAs and schools an opportunity to develop plans for the sale of assets to release funds for capital investments. Another effect is that local planning authorities may also have to alter conditions placed on property developers under section 106 agreements (for example to build new school facilities in areas of new housing). It is important for LAs to bear in mind additional school funding routes when developing Building Schools for the Future plans, and where possible to ensure that there is sufficient

co-ordination and flexibility to avoid unnecessary planning, sale of assets or other expenditure.

www.teachernet.gov.uk/management/resourcesfinanceandbuilding/schoolslandandproperty/saleofassets/

10. Consider the effect that completed Building Schools for the Future projects may have on local pupil movements, including in neighbouring LAs.

Under Building Schools for the Future, we will be rebuilding and renewing secondary schools over a 10- to 15-year period. Since this is a long-term approach, there will be cases in which schools in one area of an LA will be modernised, but those in a neighbouring area or a neighbouring LA will have to wait for their phase of rebuilding. LAs may wish to consider, through their admissions forums, whether there will be any effect on the pattern of admissions as a result of Building Schools for the Future, and plan accordingly.

<http://www.dfes.gov.uk/sacode/index.shtml>

SERVICE CAPITAL STRATEGIES

1.0 Introduction

1.1 There are several Service Capital Strategies that contribute to the Council's overall Capital Strategy and these are discussed briefly below:-

2.0 Transport Asset Management Plan (TAMP)

2.1 The TAMP assesses the level of back-log maintenance on the Island as some £160m (beyond the current financial resources of the Council) and that, without remedial action, the road network will fall into disrepair during a period of what should be planned economic growth. A Highways Maintenance Private Finance Initiative (PFI) is seen as the only solution and a bid was submitted to Government. The outcome is imminent, but if successful, the project would cover a 25-year period with investment of £160m being undertaken in the first 7 years, with whole-life cycle maintenance strategies being implemented for the remaining years.

2.2 It should be noted that the scope of the TAMP is stated to include Car Parks but the SAMP states that "it is anticipated that where our car parks are located on or adjacent to key opportunity sites, they may play a part in the Island's regeneration". Furthermore, "a review of this element of the portfolio needs to consider whether car parking needs to be retained at existing levels or whether sites can be released for redevelopment", and where levels must be retained, "consideration should be given within wider regeneration proposals".

3.0 Housing Strategies

3.1 The Council's Housing Renewal Strategy and Housing Strategy 2004/09 ("Building Better Homes") both detail the Council's plans in relation to Social Housing and recognise the resource demands that they pose. A financial implementation plan only covered the period to 2006, acknowledging the "increased uncertainty about the levels of capital finance we will receive post-2006".

4.0 Education and Children's Services

4.1 An Asset Management Plan for Schools was published in July 2002 with the aim of setting out information and criteria necessary and sufficient for the Authority and its partners to take informed decisions concerning future expenditure on school premises. The Plan was to cover a five year period but to be reviewed each Summer Term; on a rolling basis 20% of schools would be subject to a condition survey.

4.2 *Children's Services forward capital plan 2007/08*

4.2.1 The Cowes High School One Pathfinder (OSP) project is directly funded by the DfES. Funds totalling £30.5M are secured for the project and will be available to the Authority for quarterly draw down from April 2007. The expected project duration is from April 2007 to September 2009. However, the current phase one OSP's are nationally showing an average funding shortfall of some £2 to £4M. The Capital Programme needs to cater for this potential gap. In the long term this is recoverable through the development disposal of the area of the site occupied by the current school, but it needs to be recognised that this funding will not come on stream until April 2010 at the earliest.

4.2.2 The current debate around 14-19 education will require the forward capital plan to have some degree of flexibility for the secondary sector and Directorate asset needs. The primary sector will be little affected by any decision. A decision to go forward with some significant system change offers the prospect of possible early draw down of Building Schools for the Future (BSF) funding currently not on stream for the Authority until 2012 or 2014. In addition the rationalisation of assets, both within the school system and Directorate, offer the potential to support change and achieve a modernised accommodation envelope for the secondary sector and the Directorate. Detailed plans for this will be developed, dependent upon the full Council decision on April 18 2007.

5.0 Leisure and Cultural Strategies

5.1 The Leisure Strategy will be finalised after completion of the Leisure Needs review. The Cultural Strategy 2004/08 did not address financial issues other than to state that "The Strategy should assist in presenting the case for cultural activities to support community life and economic growth and in guiding principles in a period when resources for maintaining and developing cultural opportunities are under severe pressure".

6.0 Coastal Management

6.1 The key policy document for coastal protection assets (seawalls, rock revetments, groynes, and cliff structures) is the Isle of Wight Coast Shoreline Management Plan which was published in 1997 and is currently in the process of being updated; the revised document is due to be completed in December 2008. The Shoreline management Plan contains details of all coastal defence structures located around the Island's 110 km of coastline. The asset value of coastal defence structures is estimated at £240m which protects property and infrastructure valued at £1.5billion.

ASSET MANAGEMENT PRIORITISATION – TRANSPORT (Minor Works, etc)

PRIORITY RATING SYSTEM MINOR WORKS AND SAFETY IMPROVEMENTS					
Location:					
Description of Scheme:					
		Links to LTP2 Targets	Number	Weight	Score
ROAD SAFETY : Does the scheme deliver road safety improvements?					
How many accidents resulting in KSIs have occurred during the last 3 years?	T11, T12, T13	X	25	=	
How many accidents resulting in slight casualties have occurred during the last 3 years?	T11, T12, T13	X	5	=	
How many pedestrian KSIs have occurred during the last 3 years?	T11, T12, T13	X	25	=	
How many pedestrian slight casualties have occurred during the last 3 years?	T11, T12, T13	X	15	=	
How many cycling KSIs have occurred during the last 3 years?	T8, T11, T12, T13	X	25	=	
How many cycling slight casualties have occurred during the last 3 years?	T8, T11, T12, T13	X	5	=	
How many equestrian KSIs have occurred during the last 3 years?	T11, T12, T13	X	25	=	
How many equestrian slight injuries have occurred during the last 3 years?	T11, T12, T13	X	5	=	
Will the scheme improve visibility?	T8, T11, T12, T13	X	10	=	
Will the scheme improve horizontal alignment?	T8, T11, T12, T13	X	10	=	
Will the scheme improve vertical alignment?	T8, T11, T12, T13	X	10	=	
Does the scheme improve drainage?	T8, T11, T12, T13	X	10	=	
Does the scheme improve skid resistance?	T8, T11, T12, T13	X	10	=	
Does the scheme benefit from new/improved street lighting?	T8, T11, T12, T13	X	10	=	
Is the site subject to excessive speeds?	T8, T11, T12, T13	X	10	=	
Is the highway structure safe, serviceable and fit for the purpose? (Score if no)	T8, T10, T11, T12, T13, T19, T20, T21, T22	X	100	=	
Will the scheme remove standing water/ice?	T8, T11, T12, T13	X	10	=	
SAFETY TOTAL					=
ACCESSIBILITY : Does the scheme increase accessibility?					
Does the scheme provide footway/cycleway where none currently exists (new on both sides)?	T8, T10, T11, T12, T13, T22	X	15	=	
Does the scheme provide footway/cycleway where none currently exists (new on one side)?	T8, T10, T11, T12, T13, T22	X	10	=	
Does the scheme provide/improve cycling facilities?	T8	X	15	=	
Does the scheme provide improvements for those with mobility impairments?	T9, T10	X	15	=	
Does the scheme provide improvements for bus travel?	T1, T2, T3, T10	X	15	=	
Does the scheme provide improvements for train travel?	T4, T5, T6, T10	X	15	=	
Does the scheme provide improvements for ferry travel?	T7, T10	X	15	=	
Does the scheme provide improvements for taxi travel?	T10	X	15	=	
Does the scheme provide improvements for travel by powered two wheelers?	T10	X	15	=	
Is the scheme on a bus route?	T1, T2, T3, T10	X	10	=	
Is the scheme on an HGV route?	T10, T18	X	5	=	
Does the scheme affect a primary shopping area?	T10	X	10	=	
Does the scheme affect a leisure or tourism area?	T10	X	10	=	
Does the scheme affect an education site?	T10, T16	X	10	=	
Does the scheme affect a major employment area?	T10, T17	X	10	=	
Does the scheme affect a health site? (ie doctors surgery, health centre, hospital)	T10	X	10	=	
ACCESSIBILITY TOTAL					=
CONGESTION : Does the scheme address congestion?					
Does the scheme improve traffic flow?	T10, T15, T18	X	15	=	
Is the scheme on the strategic road network (A roads)?	T10, T15, T18, T19	X	20	=	
Is the scheme on a B classified road?	T10, T15, T18, T20	X	15	=	
Is the scheme on a C classified road?	T10, T15, T18, T20	X	10	=	
CONGESTION TOTAL					=
AIR QUALITY AND THE ENVIRONMENT : Does the scheme improve air quality and the built environment?					
Does the scheme offer environmental improvements?	T10, T18	X	5	=	
Does the scheme relate to a property suffering from internal flooding?		X	10	=	
Does the scheme relate to a property suffering from external flooding?		X	10	=	
ENVIRONMENT TOTAL					=
PARTNERSHIPS : Is the scheme supported by others?					
Is the scheme supported by Elected Members?		X	10	=	
Is the scheme supported by the Parish Council/Community Forum?		X	10	=	
Is the scheme supported by any relevant Strategic Partners? (eg police, health authority, education, chamber of commerce)		X	10	=	
Is the scheme generally supported by the public?		X	5	=	
PARTNERSHIPS TOTAL					=
TRANSPORT IN THE WIDER CONTEXT : Does the scheme fit in with other local priorities?					
Is the scheme in the Cowes Waterfront area (ie Cowes, East Cowes, Newport)?		X	30	=	
Is the scheme in the Bay Regeneration Area (ie Sandown, Shanklin, Lake, Ventnor)?		X	20	=	
Is the scheme in Ryde Regeneration Area (ie Ryde)?		X	10	=	
Is the scheme in a rural area?		X	5	=	
Is the scheme in an area of multiple deprivation?		X	10	=	
WIDER CONTEXT					=
TOTALS					
Safety					
Accessibility					
Congestion					
Environment					
Partnerships					
Transport in the Wider Context					
TOTAL SCORE					

ASSET MANAGEMENT PRIORITISATION (AND COSTS) - PROPERTY

DAA Survey Actions Estimated Costs

Sub-Category	Action ID	Solution	01	02	03	04	N/A
Building:	00028 - Bembridge Library						
Block:	1 - MAIN BUILDING						
			Survey Date: 05/12/2005		Surveyor: Hugh Robotham		
Category: A - Approach/ Car Park/ External Environment							
A5 - External Ramps							
	DAA00637	Fit canopy to existing ramp	0	8,000	0	0	
	DAA01073	Provide upstand to existing ramp	0	0	500	0	
Category Total			0	8,000	500	0	
Category: B - Main Entrance							
B2 - Entrance Lobby							
	DAA00636	Provide automatic inner door(s)	0	2,500	0	0	
B3 - Entrance Hall/ Reception							
	DAA00638	Form ramp in floor approx 50mm	350	0	0	0	
	DAA00639	Provide lower section of counter	0	0	1,500	0	
Category Total			350	2,500	1,500	0	
Block Total:			350	10,500	2,000	0	
Building Total:			350	10,500	2,000	0	

DAA Survey Actions Estimated Costs

Sub-Category	Action ID	Solution	01	02	03	04	N/A
Building:	00034 - Brighstone Library						
Block:	1 - MAIN BUILDING						
			Survey Date: 05/12/2005		Surveyor: Hugh Robotham		
Category: A - Approach/ Car Park/ External Environment							
A3 - Pedestrian Approach to Buildings/Play - Recreation							
	DAA00642	Widen approach route to building	0	1,000	0	0	
A5 - External Ramps							
	DAA00640	Form new ramp 0-0.5m high	5,000	0	0	0	
	DAA00641	Provide handrails to existing ramp	0	100	0	0	
	DAA00643	Supplement ramp with tactile surfaces	350	0	0	0	
Category Total			5,350	1,100	0	0	
Category: B - Main Entrance							
B1 - Main Entrance							
	DAA00644	Consider automatic opening	2,000	0	0	0	
	DAA00645	Provide signage to identify building entrance	100	0	0	0	
	DAA01043	Widen main entrance door(s)	0	0	0	0	
B3 - Entrance Hall/ Reception							
	DAA00646	Provide suitable counter	0	2,500	0	0	
	DAA00647	Provide hearing induction loop	400	0	0	0	
Category Total			2,500	2,500	0	0	
Block Total:			7,850	3,600	0	0	
Building Total:			7,850	3,600	0	0	

Date: 09/03/2007

The Technology Forge : Report DA03

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PROPERTY REPAIR BACKLOG - TOTAL ESTIMATED COSTS

Totals by Element

Element	Description	Total Value (£)
01	Roofs	7,796,948
02	Floors and stairs	1,716,678
03	Ceilings	624,219
04	External walls windows and doors	9,072,401
05	Internal walls and doors	931,108
06	Sanitary services	308,523
07	Mechanical Services	8,368,984
08	Electrical Services	5,209,252
09	Redecorations	6,521,575
10	Fixed furniture and fittings	2,290,378
11	External areas	3,392,756
12	Playing fields	116
Total :		46,232,938

Totals by Condition

Condition	Description	Total Value (£)
B	Satisfactory	8,652,906
A	Good	971,839
D	Bad	3,085,932
C	Poor	33,516,824
X	Do not use	5,437
Total :		46,232,938

Totals by Condition / Priority

Condition	Priority	Total Value (£)
D - Bad	1 - Urgent	1,573,161
C - Poor	4 - Long term	106,106
B - Satisfactory	X - Do not use	6,029
	3 - Desirable	4,777,963
D - Bad	2 - Essential	1,465,776
	4 - Long term	40,516
A - Good	3 - Desirable	43,976
B - Satisfactory	2 - Essential	3,232,560
C - Poor	2 - Essential	14,727,521
X - Do not use	2 - Essential	2,296
A - Good	4 - Long term	783,862
	2 - Essential	1,121
D - Bad	3 - Desirable	6,480
B - Satisfactory	4 - Long term	482,754
X - Do not use	1 - Urgent	785
C - Poor	3 - Desirable	6,795,552
X - Do not use	X - Do not use	2,356
C - Poor	1 - Urgent	11,887,644
B - Satisfactory	1 - Urgent	153,601
A - Good	1 - Urgent	142,880
Total :		46,232,939

APPENDIX F

CURRENT (2006/07) CAPITAL PROGRAMME

STATEMENT OF ESTIMATED CAPITAL OUTTURN 2006/07 AND THE IMPACT ON FINANCING REQUIREMENTS		
SERVICE	Revised Budget	Revised Forecast
	(£)	(£)
Adult & Community Services	438,714	432,452
Housing	3,230,569	2,963,569
Cultural and Leisure	1,220,298	1,144,783
Regeneration & Neighbourhoods		
Fire & Emergency	270,624	270,352
Cemetery	85,415	85,415
Coastal Protection	913,985	826,041
Parks & Gardens	82,949	82,949
Waste Services	203,011	142,830
Regeneration	98,754	98,754
Properties	860,721	1,106,166
Highways & Rights of Way	5,993,352	5,664,806
Central Services		
ICT	43,858	94,560
	13,442,250	12,912,677
Education & Children	12,697,648	12,548,187
	26,139,898	25,460,864
TOTAL	26,139,898	25,460,864

SERVICE	Sources of Funding 2006/07 - all figures in £'000					
	Capital Receipts (incl S106)	Borrowing	Capital Slippage	Revenue	Grants	Total
Adult & Community	464	2,543			1,534	4,541
Regen. & Neighbourhoods	1,372	6,020			885	8,277
Central Services	51	44				95
Education & Children	189	6,748	2,970	368	2,273	12,548
TOTAL	2,076	15,355	2,970	368	4,692	25,461

OTHER FACTORS AFFECTING A CAPITAL STRATEGY

1.0 Introduction

1.1 There are many other factors that impact on a Capital Strategy and a brief commentary in relation to some of them is given below:-

2.0 Local Area Agreement (LAA)

2.1 The purpose of the LAA is stated to be “The Council, the [Local Strategic] Partnership [“Island Futures”], and HM Government have made this LAA with the intention of further improving the services to local people in the Isle of Wight”. The term ‘LAA’ covers all the outcomes, targets, enhanced targets, enabling measures, funding streams and reward element detailed within the Agreement.

2.2 Whilst the inputs to the various Targets are revenue in nature, e.g. the provision of additional training for staff, recruitment of additional staff, additional support to the elderly (also to specific groups of school children), etc, the Reward Grant potentially available would be paid out as 50% Revenue grant and 50% Capital grant. Half of the Grant monies would be paid out in 2009/10 with the balance in 2010/11.

3.0 Regeneration and Economic Development

3.1 The SAMP acknowledges that a number of regeneration initiatives have been proposed on the Island. However for a truly corporate approach to apply to Property management, all such initiatives “must be considered together and an overall assessment made of the business case for investment”.

4.0 Change Management and ‘modernisation’

4.1 Increasingly, organisations are assessing their future staff accommodation needs with HR considerations in mind e.g. facilitating opportunities for staff to work from home (through secure IT linkages), to job share, etc. These changes to traditional working patterns can impact on office accommodation requirements and the SAMP makes the point that, by considering Property, HR and ICT resources together, it should be possible to achieve a ‘normal’ occupancy standard of 7 desks for every 10 employees.

5.0 Comprehensive Spending Review 2007 (CSR07)

5.1 The Governments’ Comprehensive Spending Review is due to be published later this year and commentators are expecting it to pose major challenges for

local government, not least in relation to the need to continue to achieve efficiency savings. Indeed a Treasury report published in 2006 noted that “early progress on meeting local government efficiency targets has helped to lay the foundation for a more radical and ambitious value-for-money programme for the CSR07 years which will see local authorities securing far greater cashable efficiencies to meet new priorities”.

6.0 Changes to the Capital Financing rules

- 6.1 The 2002 Capital Strategy reflected the then method of Government control over local authority capital expenditure namely-
- To limit borrowing for capital purposes through the Basic and Supplementary Credit Approval process
 - To require specified proportions of capital receipts (from asset disposals) to be ‘set-aside’ for debt repayment.
- 6.2 We now have different arrangements, in particular the advent of Prudential Borrowing whereby authorities can now borrow money for capital investment purposes subject to proving ‘affordability’ (including impact on the Council Tax). Private Finance Initiatives (PFI’s) have also been used more widely in recent years though there are mixed views amongst commentators as to whether the private sector take on the degree of risk that the concept implies.

ASSET DISPOSAL POLICY

1.0 Introduction

- 1.1 The Council's Standing Orders state that "prior to the disposal of any surplus or unserviceable inventory items the Director of Finance shall be informed and may lay down such conditions as he thinks fit". However, the term 'inventory items' refers to movable property and is, therefore, not relevant to major disposals.
- 1.2 In 2004, the Council agreed a 'Policy for the Disposal of Redundant ICT Equipment'. The policy specified how to dispose of both 'Still-functioning' and 'Non-functioning' equipment and, with regard to the former, consideration as to whether the item(s) might be used elsewhere within the organisation and/or whether they should be donated to voluntary organisations.
- 1.3.1 The current Guidance in relation to Property is the 2005 "Code of Practice for Members and Officers dealing with Property transactions" (see overleaf). This is currently under review as part of the review of the Constitution.
- 1.3.2 This gives the opportunity to prepare Asset Disposal Policies and Procedures that address such issues as the steps to be taken by all relevant parties when deciding whether to dispose of a [valuable] asset; whether to seek to enhance its value prior to sale (i.e. by improving it in some way); the method of disposal; the legal requirements applicable to such a disposal; payment arrangements, etc. A Policy covering such matters is essential (particularly at a time when the Council is pro-actively seeking to generate Capital Receipts from sales of assets identified as being surplus to requirements).

CODE OF PRACTICE FOR MEMBERS AND OFFICERS DEALING WITH PROPERTY TRANSACTIONS

1 THE NEED FOR GUIDANCE

1.1 The sale and acquisition of property by the Local Authority will always have a high profile.

This is partly because the property in question is often located in the heart of communities

and is therefore of considerable importance to those communities.

2 PREPARATORY WORK

2.1 The Head of Property Services will produce each year a plan setting out proposed disposals of property, freehold or on long leases, which are likely to reach completion within the next 12 months and also an indication of planned disposals in subsequent years.

2.2 The plan of proposed transactions will appear on the Forward Plan as part of the process of setting the capital programme and be sent to the Chairman of the Scrutiny Committee so that the Scrutiny Committee can have the opportunity to consider the contents of the plan.

2.3 The plan of proposed transactions will show:

- The objectives of the transaction (egg maximising capital receipt; delivering policy objective)
- The proposed method of disposal (open market, restricted tender, special purchaser, etc)
- The proposed decision-maker (officer delegation, Cabinet Member, Cabinet)
- Whether or not the disposal is of redundant property or to achieve some other identified policy objective.

2.4 The programme of proposed disposals will be updated in the year.

3 MEMBER DECISION-MAKING

3.1 Member decision-making should concentrate on setting the objectives, parameters and mechanisms for proposed transactions and Members, where their involvement adds value to the process, should be involved as early as possible.

3.2 Reports to Members will, therefore, set out:

- The proposed objectives (including alternative objectives) of the transaction.
- The proposed method of pursuing the transaction.
- The circumstances in which a further report to Members is necessary.
- Proposed consultation with local Member(s), the local community and other stakeholders (exceptionally the report will be sufficiently late in the process to set out the outcome of consultation already undertaken).

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Version 3.15

Council – 20/7/05 + amendments 29/7, 14/9, 26/10, 1/12, 2/2/06,
28/3/06, 4/5/06, 10/7/06, 14/8/06, 5/10/06, 7/11/06, 17/01/07

Author: Chris Mathews

- Arrangements to secure the long term objectives of the sale.

3.3 Where a disposal also declares property redundant or is to achieve a policy objective which is the responsibility of another Cabinet member then any report to Members will be to that Cabinet member and the Cabinet member for Resources, Audit and Customer Champion (in the case of delegated decisions) or to the Cabinet, jointly in the name of those two Cabinet members (in the case of decisions by the Cabinet).

4 CONFIDENTIALITY

4.1 There is a presumption that both the plan of proposed transactions and reports to Members will be taken in public. The exception is when, and for so long as, information contained within them would prejudice *either* the Local Authority *or* would give an advantage to any person seeking to enter into a contract with the Local Authority *or* would disclose information about the financial or business affairs of a person other than the Local Authority.

4.2 The reasons for confidentiality, where these exceptions apply, will be recorded on the face of the report.

5 URGENCY

5.1 Sometimes property transactions are urgent. Where it is, in the opinion of the Cabinet member, not reasonably practicable to delay a decision until the transaction has appeared in a plan, other means of informing the Scrutiny Committee in advance of the decision wherever possible will be followed.

5.2 Where it is not possible to involve the Scrutiny Committee in advance of the transaction, then in these circumstances a record of the decision, including the reasons for urgency, will be provided to the Scrutiny Committee as soon as is reasonably practicable. The Scrutiny Committee will, by these means, be able to hold the Cabinet Member to account for their judgement in relation to urgency.

6 SPECIAL PURCHASER

6.1 Some transactions involve disposal of property rights which directly affect:

- An existing leaseholder and/or
- Some other individual with a particular interest in the property in question.

6.2 When such a transaction is proposed the bid of a special purchaser will either be above the market value because landed interests are being merged or the Council will be better able to pursue a particular policy objective such as economic development. In either case a negotiated settlement is to be pursued rather than a tender or other competitive process.

6.3 Where there is known to be a special purchaser:

- This will be shown on the plan of proposed transactions as the method of disposal.

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Version 3.15

Council – 20/7/05 + amendments 29/7, 14/9, 26/10, 1/12, 2/2/06,
28/3/06, 4/5/06, 10/7/06, 14/8/06, 5/10/06, 7/11/06, 17/01/07

Author: Chris Mathews

- A report proposing the use of the special purchaser regime will be submitted to the Cabinet Member for Resources, Audit and Customer Champion and copied to the Chairman of the Scrutiny Committee.
 - The opinion of two independent valuers will be obtained and taken into account in determining the terms of any disposal of property to a special purchaser.
- 6.4 The Cabinet will take decisions in relation to special purchaser transactions.

7 INTERESTS

7.1 The regime from the Members' Code of Conduct in relation to declaration of interest applies to property transactions. Members taking decisions (or engaging in policy development or scrutiny) will wish to consider whether the nature of the transaction, the identity of the other party to the transaction and/or the location of the property gives rise to a personal or prejudicial interest.

7.2 Members taking decisions (or engaging in policy development or scrutiny) will wish to consider whether the nature of the transaction, the identity of the other party to the transaction and/or the location of the property gives rise to a personal or prejudicial interest. Interests may arise due to the location of the property being in the area where the elected member resides, being in the electoral division which the member represents, or for some other reason to do with the private or public life of the member.

7.3 The Cabinet Member will not use delegated powers in relation to property transactions in their own ward.

8 LOCAL MEMBER

8.1 The elected member for the ward where the property is located will be informed of the proposed transaction (except where genuine urgency prevents) firstly when the plan of disposals is put to the Scrutiny Committee and again, prior to any public marketing or before substantial negotiations with a special purchaser.

9 TOWN/PARISH COUNCILS

9.1 A copy of the annual plan of disposals will be sent to all Town and Parish Councils. The local council where a property transaction is proposed will be informed prior to any public marketing taking place.

10 ACQUISITIONS

10.1 This protocol supplements existing arrangements to plan and report proposed acquisitions through the capital programme.

10.2 Where a property acquisition is proposed which, for any reason, has not appeared on the capital programme, the Scrutiny Committee will be given the opportunity to consider the proposal, or if genuine urgency prohibits this, to subsequently consider the acquisition.

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Version 3.15

Council – 20/7/05 + amendments 29/7, 14/9, 26/10, 1/12, 2/2/06,

4B. **Grants and assistance available towards project**

4C **Estimated Revenue costs** (e.g. personnel, vehicles, equipment and associated revenue expenditure, income, etc).

Number of Financial Statements attached _____

5. Site

Is the site already owned OR does it have to be acquired?

If the site has to be acquired, at what stage are negotiations?

Does the site have Planning approval or has it yet to be obtained?

If Planning approval has to be obtained, when is that scheduled?

6. Details of other authorities, departments or organisations involved

7. Council's Corporate objectives to be met by the Project

8. Consequences of not undertaking the Project

9 Government policies affecting the Project

10 Priority Ranking

In terms of Service needs, this Project is ranked _____ out of a total of _____ projects submitted from my Directorate.

11 Other Comments

Signature of Director _____

*Completed forms should be returned to the Director of Finance (For attention of Andrew Taylor, Tel ext 3706).
Please note that this form (and attachments) will be returned if inadequately completed.*

(FORM CA1)

CAPITAL BID - FINANCIAL STATEMENT

Project Title _____	
Estimate prepared by _____	Category of Estimate _____
Date _____	
Price base of estimate: _____	Sheet Number _____

1 Estimated Capital Costs

Type of Capital expenditure	2007/2008 £000	2008/2009 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	Total £000
Land							
Works - site - construction							
Public Utilities							
Site Supervision							
Engineers fees							
Architects fees							
Vehicles & Plant, Furniture & Eqpt (*)							
Consultants fees							
Land compensation							
Percent for Arts							
Other							
Totals							

* Items costing less than £10,000 should be charged to Revenue

2 Estimated Revenue Costs

Type of Revenue expenditure	2007/2008 £000	2008/2009 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	Total £000
Staff							
Supplies and Services							
Transport							
Furniture & Equipment							
Repair & Maintenance							
Other							
Income							
Totals							

PRIORITISATION (PROJECT EVALUATION SCORE SHEET)

CAPITAL SCHEME PRIORITISATION MATRIX

CRITERIA	SCORE					
	0	1	2	3	4	5
1. Delivery of priority outcome(s)	None	Corporate norm	Aim high target	Aim high priority	LAA target	Key priority
2. Impact on key performance indicator(s)	None	Internal	BVPI	LAA	One killer PI	Several killer PIs
3. Present or future funding/financing implications	Certain loss of funding streams	Risk of loss of funding streams	No impact on funding streams	Possible gain in funding streams	Gain in funding streams	Major gain in funding streams
4. Whole life cost and revenue implications	Over £5m	Under £5m	Under £1m	Under £500k	Under £250k	Under £100k
5. Value for money $(1 + 2)/(3 + 4)$	0	0.25	0.67	1.5	4	∞
6. Consequences of non-compliance	None	Adverse publicity	Inspection score	Civil prosecution/claim	Intervention	Criminal prosecution
7. Discretion as to scale/timing	> 4 years	> 3 years	> 2 years	> 1 years	Action plan required	Immediate requirement
8. Full year savings projection	< £100k	> £100k	> £200k	> £300k	> £400k	> £500k
9. Pay back period/ internal rate of return	Over 7 years 14%+	5-7 years 20%+	3-5 years 25%+	2-3 years 33%+	1-2 years 50%+	Under 1 year 100%+
10. Revenue funding requirement	>£500k	>£250k	>£100k	>£50k	>£0k	£0k
11. Risk score movement (net)	> 10	> 5	> 0	< 0	< -5	< -10
12. Quality of business case	No case	Realistic inputs	Realistic outputs	Plausible outcome targets	Full risk analysis	Sensitivity analysis
13. Quality of project plan	No plan	Timetable only	Resourced Gantt chart	Detailed, risk assessed plan	Prince 2 "lite", internal gateway	Full Prince 2, external gateway
14. Time constraints	None	5 years	4 years	3 years	2 years	1 year or less

REVENUE SAVINGS – UTILISATION STRATEGY

- 1 It is for the Council to decide how it wishes to utilise savings in its Revenue Budget consequent upon asset disposals. It has to do so at a time when it is committed to improving the quality of its assets (improved ‘fitness for purpose’) and also committed to limiting future Council Tax increases to RPI. In such circumstances, a flexible rather than rigid utilisation policy would seem appropriate.
- 2 However, the MTFP highlights the risk that inflation will outstrip the Council’s Revenue budget provision for 2007/08 so *the following Policy is proposed:-*

“In the short-term there will be a presumption that revenue savings will be used to aid the Revenue Budget and assist in keeping future Council Tax increases below RPI. In the event that Capital Receipts do not come on stream as quickly as expected, then revenue savings might be utilised as an interim capital financing measure”.

**MEMORANDUM OF UNDERSTANDING BETWEEN IOW COUNCIL AND
THE NHS (PCT)**

Memorandum of Understanding between the IOW Council and the IOW NHS PCT

*Our Vision: " To enable IOW residents to
live healthy, happy lives in their local
communities receiving high quality
services from responsive professional
teams."*

Delivering Local Person Centred Health and Council Services

The IOW Council and the IOW NHS PCT have agreed to work together to deliver local patient centred health and social care services.

We will deliver the national objectives for patients and residents as set out in the White Paper "Our Health Our Care Our Say."

We will deliver the local objectives for local residents as set out in the White Paper "Strong and Prosperous Communities"

To achieve this, the local agencies have entered into an agreement, which is set out in this protocol. There will be a multi agency approach to delivering the joint agenda for change with local targets set to be achieved.

The Public Service Board will steer the work which will be delivered through joint executive groups, the Professional Executive Committee, NHS PCT Board and the Cabinet of the Council.

The aim of this memorandum is to achieve the following:

1. To work together to improve the health of the Island population. The Director of Public Health post will be a joint appointment and will advise both organisations together. The Director will have direct access to Chief Executives of both organizations, and the Annual Report will be addressed both by the PCT Board and by the Council.
2. To agree a disposal programme for a joint property portfolio. Specialist property services will be jointly commissioned. They will prepare the property portfolio for the market and manage the disposal process. Capital receipts will be drawn back into the Council and the PCT to clear historic debt and to invest in new build community health and social care services.
3. To agree a move towards shared support functions where that will produce efficiencies for both organisations. Examples of functions where there may be scope for joint work include some parts of each of HR, Communications, Informatics, support, information management and analysis, Finance, procurement and Performance Management. We will test moves to shared headquarters and increasingly integrate our management and governance arrangements.
4. To develop joint commissioning arrangements which make best use of our available resources to meet the needs of local people. We will assess need, prioritise those most vulnerable and work in partnership with the third sector, private sector and local businesses to ensure people are able to live in their own homes with appropriate care and support.
5. To develop local models of joint health and social care delivery in key areas of integrated working which can then be rolled out across the Island.

Local Delivery Targets

Improving the Health of the Population

We will increase the average life expectancy on the Island by one year within 3 years, and stop the trend to divergence of life expectancy between least and most deprived areas of the Island within two years.

Property Disposal:

We will have a disposal plan for properties by May 2007.

Shared Headquarters:

We will have assessed the opportunity to move into shared headquarters by mid 2007, with potential back office functions in place by 2009.

Joint Commissioning:

We will have joint commissioning plans in place for each care group by end 2007 date with agreed resource allocations within a three year commissioning plan.

Local Integrated Pilots:

To deliver two Local Integrated Projects in 2007 with a further two in 2008 as part of a larger roll out programme.

The Memorandum

1. PSB will be the lead group for the implementation of this memorandum drawing respective Finance Officers and Directors as the agenda dictates.
2. PSB will be responsible for the delivery of the Action Plan and the achievement of the local delivery targets.
3. Chief Executives will meet urgently should PSB be briefed about any significant difficulties or delays to seek to resolve any problems.
4. The local delivery targets identified above are the framework for the memorandum. If these targets are not being achieved within agreed timescales (to be agreed by the Chief Executives Group) then an urgent meeting will automatically be called.
5. The Chief Executives group will provide a united approach to the management of the media, public information and non-executive directors and members to ensure a consistent and whole system response.
6. Each agency will be transparent in its allocations of resources to support this agenda and will ensure that all is done within each organisation to achieve the identified delivery targets.

7.

Signatories

Joe DuckworthChief Executive - IOW Council.

Ed Macalister - SmithChief Executive - IOW NHS PCT.

Andy SuttonLeader - IOW Council.

Danny Fisher.....Chair - IOW NHS PCT.

GOVERNANCE MATTERS

1.0 Introduction

- 1.1 Whether preparing Capital Schemes, obtaining approval to them, obtaining tenders for the work, etc, there are procedural rules that have to be followed. The paragraphs below provide a brief reminder of some of these matters; when appropriate, full details should be obtained from the source documents.

2.0 Financial Procedure Rules (FPR's)

- 2.1 The Council's FPR's as they relate to "Safeguarding Assets" were revised in August 2006 and expand on previous requirements in relation to Assets, in particular, land and property e.g:-
- (a) - "the Property Services Manager shall maintain and hold securely a terrier of all land and property owned by the Council or held in trust by the Council in an approved form".
- (b) Heads of Service "must notify [the Chief Financial Officer] of all material acquisitions of assets".

- 2.2.1 The FPR's also address 'Capital Expenditure' by defining it in legislative terms and the related Statement of Recommended Practice (SORP). With regard to Capital Budgets, the FPR states that "prior to the approval by the Council of a programme of capital expenditure, each Director concerned shall prepare a detailed capital bid for each project to be included on a corporate list of capital projects for consideration and approval within the total amount of capital finance available. To facilitate corporate prioritisation, the detailed capital bids, must include information on matters such as:-

- any option appraisals undertaken
- how the selected option will comply with value for money
- the associated revenue income and expenditure implications
- contribution to corporate objectives

- 2.2.2 The FPR describes the 'Approval and Monitoring Process' (i.e. how the Capital Programme is formally approved by the Council) and how individual projects are released for implementation and monthly monitoring of progress via the respective Service Boards.

3.0 Procurement Strategy

- 3.1 Whilst the Procurement Strategy "is intended to develop a powerful driver and robust tool to achieve step change in improving procurement practice", other objectives could directly or indirectly affect future Capital schemes. For example, in its capacity as a significant customer in the local community, the Council, through its Procurement Strategy, seeks to develop a range of procurement initiatives that will encourage both the development of the local supplier base and "the identification and utilisation of a range of environmentally friendly products and services by the Council as a whole".

- 3.2 The key objectives of the Procurement Strategy form an Appendix within the Council's Contract Standing Orders (CSO's) that describe the overall framework for Council procurement and contract-letting processes. The CSO's are effectively the minimum standards for any procurement undertaken by the Council i.e. are relevant to all items in the approved Capital Programme.
- 3.3 The 2006 version of the FPR's reflects the Council's continuing progress in developing e-procurement systems e.g. for Core Procurement and, specifically, for Highway Maintenance orders (Mayrise), Social Services orders (Swift), and Property Services orders (Technology Force)
- 4.0 The Council's requirements of Contractors.
- 4.1 Section 2.04 of the Council's Health and Safety Manual relates to 'Managing Contractors Health and Safety'. It states that the Council will ensure, so far as is reasonably practicable, "that all contractors who undertake work on its behalf are selected, co-ordinated, controlled and monitored to ensure that any risks to the health and safety of its employees, service users and members of the public are minimised". Furthermore, "No contractor will be permitted to carry out work on behalf of the Council on any contract unless it has satisfied the Council of its competency to undertake the work through the completion of the Contractor Evaluation Form and the provision of any other information that may be required of it".
- 4.2 It may be opportune to consider whether any other specific requirements of Contractors need to be documented e.g. Customer Care policies, Equal Opportunities, etc.
- 5.0 Project Management principles
- 5.1 In 2001, when considering the then ICT Strategy, the Council adopted PRINCE (Projects in a Controlled Environment) methodology as the basis for its future project management. Many staff have subsequently received training to enable them to properly apply the techniques.
- 5.2 The draft ICT Strategy 2007/12 modifies this stating that "Projects approved for further work and which carry significant cost, risk or complexity will be deemed major projects and will be developed using the PRINCE project management methodology".

CAPITAL MONITORING REPORT FORMATS

The Capital Monitoring reports are considered by Service Boards on a monthly basis and by Cabinet on a quarterly basis. The reports are ‘shaped’ to satisfy the differing requirements and are illustrated below. The Service Board Summary provides an overview of all Service Boards’ performance. Each Service Board also receives full details (not reproduced here) relating to the specific schemes for which it has responsibility.

(A) FORMAT OF REPORT TO CABINET

Capital

The following table shows the total budget by cabinet member for capital schemes, forecast spend by year end and the total overspends and total under-spends on schemes by the end of the current year. Also shown are the totals for schemes projected to be over or under-spent over their whole life. These two sets of measures taken together provide an indication of how much expenditure variances are an issue of timing, and how much they represent a change in the total financing requirement of the programme.

	Budget	Projected	Variance	Over in	Under	Schemes
	£000	£000	£000	year	in year	Over/under
	£000	£000	£000	£000	£000	£000
Cllrs Joyce & Mrs Cousins	12,670	12,508	-162	330	492	266
Cllr Cousins	3,669	3,572	-97	3	100	2
Cllr Hunter-Henderson	1,264	1,244	-20	58	78	58
Cllr Abraham	356	349	-7	0	7	0
Cllr Wood	838	1,104	266	285	19	202
Cllr Ward	7,243	7,068	-175	291	466	5
	26,040	25,845	-195	967	1,162	533

As at the date of the report, the projected net under-spend for the financial year is £195k, but within that figure there are projected overspends on individual schemes of £1,162k, so the true level of projected slippage into 2007/08 is £967k.

The most significant area of expected slippage is schools.

The disposals programme continues to be monitored closely, as any shortfall or delay will have implications for both prudential borrowing and for revenue savings in 2007-08. The over-commitment of £533k will be offset by increased receipt generation, or cost reduction.

(B) FORMAT OF REPORT TO SERVICE BOARDS

CAPITAL 2006 SUMMARY REPORT				REPORT PREPARED FOR	SERVICE BOARD	PERIOD	Dec-06		
CURRENT BUDGET		26,040,328		FORECAST OUT-TURN		25,845,125			
SUMMARY STATUS	CURRENT BUDGET	COMMITTED TO DATE	BALANCE LEFT TO SPEND	FORECAST (current month)	CUMMULATIVE OUT-TURN VARIANCE (ytd)	UNDER SPEND IN YEAR	OVER SPEND IN YEAR	SCHEME UNDER SPEND	SCHEME OVER SPEND
SERVICE AREA									
FIRE SERVICE	270,624	86,922	183,702	263,724	6,900	6,900	0	0	0
CEMETERY SERVICE	85,415	39,536	45,879	85,415	0	0	0	0	0
ADULT PSS	438,714	130,918	307,796	441,083	(2,369)	0	(3,060)	0	(2,369)
HOUSING	3,230,569	827,166	2,403,403	3,130,569	100,000	100,000	(5,000)	0	0
CULTURAL & LEISURE	1,220,298	942,340	277,958	1,149,246	71,052	71,054	(2)	0	0
ICT	43,858	84,250	(40,392)	94,658	(50,800)	7,200	(58,000)	0	(58,000)
EDUCATION AND CHILDRENS SERVICE PROPERTIES	12,670,053	7,866,193	4,803,860	12,508,380	161,674	525,516	(330,746)	0	(266,858)
COASTAL PROTECTION	838,033	645,345	192,688	1,104,411	(266,378)	19,614	(285,992)	0	(202,968)
REGENERATION	886,887	666,143	220,744	791,943	94,944	121,046	(26,102)	0	(5,571)
WASTE SERVICES	88,568	14,419	74,149	88,568	0	0	0	0	0
HIGHWAYS AND RIGHT OF WAY	203,011	58,242	144,769	142,830	60,181	60,181	0	0	0
PARKS AND GARDENS SERVICE	5,981,349	4,522,226	1,459,123	5,961,349	20,000	20,000	(265,138)	0	0
TOTALS	26,040,328	15,883,700	10,156,628	25,845,125	195,203	931,510	(974,040)	0	(535,766)
Progress Report:									
Assuming the forecasts are reliable the Capital programme will be £195k under spent for the current financial year. Within Highways the disposal of 3.5k tonnes of tar contaminated planings will cost approx £850k including haulage and purchase of replacement stock. A meeting with the Environment Agency has been arranged for 22nd January to discuss tar contamination.									
Capital Programme Budget over spends that are greater than 10% and above £5,000 total						894,344			
COST CENTRE	COST CENTRE DESCRIPTION			VALUE	EXPLANATION AND PROPOSED ACTION				
BFB7	Corporate Backup Server Replacement			57,250	Although this is currently unfunded an insurance claim is pending for this server.				
SAM9	Greenmount Primary - Two Class Extension			100,371					
SAN5	Arreton Remodelling			17,530					
SD12	East Cowes Grange Primary - Devolved Capital			20,635					
SD33	Sandown Primary - Devolved Capital			20,230					
SD71	Solent Middle - Devolved Capital			31,787					
SD74	Ventnor Middle - Devolved Capital			51,813					
SD81	Cowes High - Devolved Capital			8,566					
BF11	General Capital - GSSG			19,569	Overspend needs to be reallocated to specific projects				
BFAD	All Saints Pre-School			21,811					
BEZY	ICT in Schools - Hands on Support			6,425					
BMXY	Education Fair Funding - Youth Clubs			5,999					
BKY7	Planned Maintenance			82,447					
BLM2	Parkhurst Library HQ - Demolition			42,075	Cabinet decision to achieve Capital receipt				
BLM4	Newport-Purchase of Offices at Wallace Court			150,250	Strategic purchase of a building adjacent to The Pylars, a Council owned potential development site.				
BLMH	Accommodation Review - 46 Sea Street			8,334	Tony Flower/Gen Garrod initiation. Assume spend complete.				
BPR7	Bembridge Harbour and East Yar Valley Study			20,531					
BHW1	Advance Design-Undercliff Drive			81,371	Capital budget subject to obtaining all approvals, Out-turn deficit of £130k approval for virement will be sought.				
BY1Q	Newport Road Upper Ventnor - Reconstruction			10,718	Approval for virement will be sought to cover this overspend.				
BY7A	Northwood Co Primary - Safe Route to School			5,575					
BY7N	Medina Way, Newport -Safety Barrier Improvement			46,737					
BHN4	Lake Traffic Plan			6,792					
BYH2	Ryde Interchange - Advance Design			77,568	Includes commitment relating to next financial year				
				894,344					
PREPARED BY:	ANDREW TAYLOR				DATE	16-Jan-2007			

POST IMPLEMENTATION REVIEW FORM

Project Title	0
Brief Description of Project	0
Directorate	0
Responsible Officer	0

TIMETABLE:-

Start Date

Completion Date

Forecast	Actual

CAPITAL EXPENDITURE

Actual expenditure	£	<input type="text"/>
Current Budget	£	<input type="text"/>
Original Budget	£	<input type="text"/>
VARIANCE	£	<input type="text"/>

REVENUE EXPENDITURE

	<u>First Year</u>	<u>Full Year</u>
Revenue Budget	£ <input type="text"/>	£ <input type="text"/>
Actual Expenditure	£ <input type="text"/>	£ <input type="text"/>
VARIANCE	£ <input type="text"/>	£ <input type="text"/>

CORPORATE OBJECTIVES TO BE MET

Forecast	
Actual	

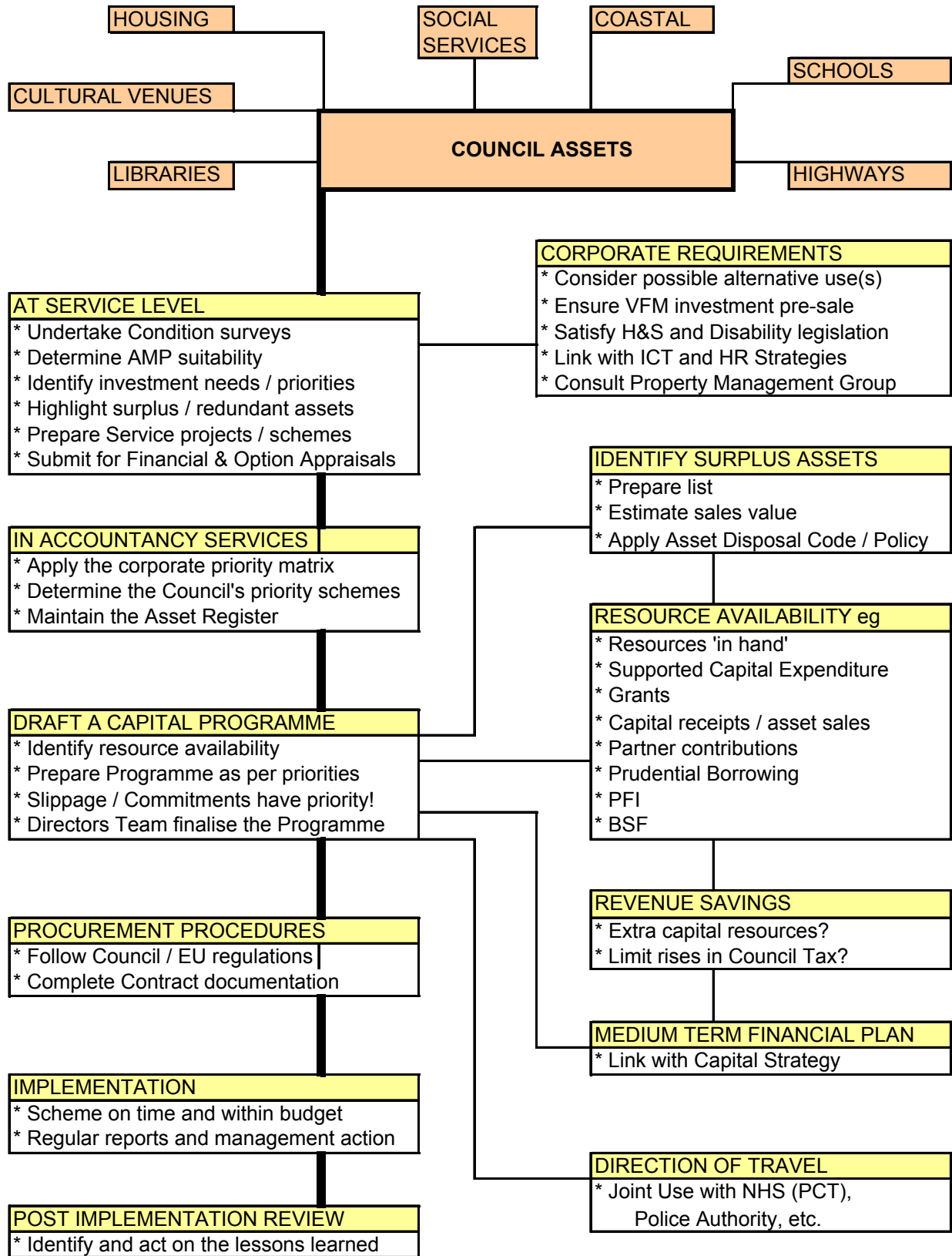
Completed By (Name): **Date Completed:**

On completion, this form should be returned to the Director of Finance

RISK MANAGEMENT OF CAPITAL STRATEGY

DESCRIPTION OF RISK	PROBAB- ILITY	IMPACT	RISK	MANAGEMENT MEASURES
	Remote Unlikely Likely Very Likely	Low Medium High Major		
Future resource levels fail to match expectations – internal or external	L	H		Budget monitoring of resources to identify any problems for corrective action to be taken - flexible funding arrangements and/or re-scheduling of expenditure.
Revenue implications of capital decisions are overlooked or inaccurately assessed	U	H		Procedures for assessing capital bids to include assessment of revenue implications. If scheme is approved, revenue implications must be built into the Revenue growth bids.
Project cost controls not effective	U	Ma		Review the circumstances, and take appropriate corrective action and ensure no repeat performance.
Changes in legislation not anticipated – favourable or unfavourable	U	Me		Any change impacting on IoW finances would probably affect all authorities and is therefore unlikely without consultation and time to plan. If, however, such a change were to occur, management would have to assess the affect and amend priorities and resource allocations.
Investment fails to achieve its intended Community benefits	U	H		Adequate time would need to be allowed for the Community benefits to take effect. If it became apparent that outcome was not as planned, management would have to assess the shortfall, review options and recommend accordingly.
Failure to prepare timely exit strategies in respect of schemes supported by external grant support in the short-term.	U	H		The MTFP should ‘flag-up’ those areas where grant support is only short-term (e.g. pump-priming) and either make alternative resources available or management has to plan to modify or terminate the activity.

CAPITAL STRATEGY - PROCESS, PROGRAMME & ACTION PLAN



PROGRAMME

The Council's Capital expenditure plans were summarised at paragraph 5.6.1, with the estimated resource availability being detailed at paragraph 5.2.4. Full details will be available in due course when the Capital Programme is published.

ACTION PLAN

In order to successfully implement this Strategy, it will be necessary for strategic property matters to be centrally co-ordinated and, to this end, all property issues must be referred to the Property Management Group.

Pending production of the SAMP, the following recommendations are made for improving current procedures and processes in relation to the capital programme and associated matters:-

Action Area	Action - detail	Completion dates 2007
Responsible officers	Appoint Responsible Officers for all Capital Projects and issue guidance notes on their role. Provide appropriate training including project management.	End April Ongoing from April
Capital Bids & Evaluation process	Publish timetable for bids and evaluation process All bid documentation must be fully completed in future (e.g. Financial & Option Appraisals, compliance with corporate objectives, etc) otherwise it will be returned to the originating Department by Finance. When completing bid documentation, it must be made clear that the DfES Principles, HR, ICT, DDA, and Health & Safety issues have all been taken into consideration. The Project Evaluation Score sheet will be applied for corporate priorities to be determined. The outcome will be final other than in exceptional circumstances.	End April Ongoing from April Ongoing from April Ongoing from April
Service Capital Strategies	There are several Service Capital Strategies currently in course of preparation / update. Estimated completion dates will be reviewed, brought forward and aligned where practicable, and more closely linked to the Capital Strategy.	End May

Action Area	Action - detail	Completion dates 2007
Service Capital Strategies (cont'd)	<p>All Capital Strategy documents will be reviewed at least annually and up-dated where appropriate.</p> <p>All Service Capital Strategies should include estimated medium-term Capital and Revenue Budget requirements necessary to achieve the Strategy.</p>	<p>Annual review</p> <p>Ongoing from April</p>
Preparing the Capital Programme	Ensure that prioritised works are packaged in such a way as to maximise VFM.	Ongoing from April
Implementing the Capital Programme	<p>Guidance (reminder notes) will be issued to relevant staff regarding EU and IoW constitutional requirements relating to procurement / contracts.</p> <p>Financial Procedure Rules will be reviewed and kept up-to-date on the Council's intranet site.</p> <p>Review current requirements of Contractors and extend them if necessary (Para. 3.1.2 of Appendix M refers).</p> <p>Monitoring will become more pro-active (not a recording exercise) i.e. to take remedial action to avoid 'slippage' in the Programme.</p> <p>Create a reserve list of priority schemes to take-up the slack resulting from wholly unavoidable 'slippage' and to adjust resource utilisation accordingly.</p>	<p>End March</p> <p>Ongoing</p> <p>End May</p> <p>Ongoing from April</p> <p>End June</p>
Asset Sales / capital receipts	<p>Pro-actively monitor asset sales to ensure that sales receipts at least match plans.</p> <p>Prepare a new Asset Disposal Policy for Cabinet approval.</p> <p>Quantify revenue savings arising from Asset disposal(s). Prepare a Revenue Savings Utilisation Policy (for Cabinet approval) to give direction in applying such savings.</p>	<p>Ongoing from April</p> <p>The existing Code is being reviewed as part of the Constitution</p> <p>See draft Policy at Appendix K</p>

Action Area	Action - detail	Completion dates 2007
Joint Use	<p>Review the Capital Strategy (and annually thereafter).</p> <p>Review the 2007/08 MTFP once the Capital Strategy is up-dated.</p> <p>Review both documents (as Joint Use issues are progressed and plans emerge) and annually thereafter.</p>	<p>August / September</p> <p>September / October</p> <p>December</p>
Review of and feedback on project implementation	All projects will be the subject of a Post Implementation Review and the 'lessons learned' will be shared with all Responsible Officers (and Directors Team where appropriate) with the intention of improving future performance.	Ongoing from April
Data Management	Quality asset management data should be maintained at all times. Keep abreast of developments in ICT asset management and make budget provision where appropriate.	Ongoing from April
Timetable	Directors Team to recommend to Cabinet the medium-term planning timetable outlined at paragraph 9.1 above.	April Cabinet