



Capital Strategy 2010/11 to 2012/13

CALDERDALE COUNCIL

CAPITAL STRATEGY

1. INTRODUCTION

1.1 Preamble

The Capital Strategy demonstrates how the Council's capital programme supports its corporate priorities and sets the framework for developing the capital investment programme to deliver these priorities. The Strategy is intrinsically linked with the Medium Term Financial Strategy (MTFS) of the Council and the Asset Management Plan (AMP) and should be read in conjunction with these documents.

The purpose of the Capital Strategy is: -

- To ensure capital expenditure is aligned with the Council's Priorities
- To ensure congruity with the Asset Management Plan (AMP) and process
- To maximise the use of resources
- To provide a clear framework for decisions relating to capital expenditure
- To establish a corporate approach to generating capital resources

The Capital Strategy and Corporate Asset Management Plan (AMP) continue to be developed and updated to support improvement to services and the consequent well being of the people of Calderdale. The Council's ambition and priorities are the key drivers for both documents, as explained in Section 2.

The Capital Strategy has been developed in line with the recommendations of the IDEA peer review into asset management in order to demonstrate greater consistency and integration with other financial plans and key strategies.

1.2 Structure of the document

This update of the capital strategy is structured as follows:

- Section 2 Stakeholder focus

This section outlines how the Council interacts with National and Local Government, partner organisations, the public of Calderdale and other stakeholders.

- Section 3 Effective Planning

This section outlines the planning framework and shows how the capital strategy fits within that framework

- Section 4 Resources

This section outlines the estimates of resources likely to be available to fund capital expenditure over the three year planning period and how these resources will be prioritised.

- Section 5 Performance management
This section covers the approach which will be taken by the Council to measure its performance against internal targets and national benchmarks, and thereby demonstrates how it ensures that its financial strategies have contributed to the achievement of its corporate objectives.
- Section 6 Continuous improvement
This section details how the capital strategy assists the Council in achieving sustained service improvements and enhanced assets for the people of Calderdale.

2. STAKEHOLDER FOCUS

2.1 Partnerships

The Council's agreed strategy on capital planning is to work with partners and to adopt a corporate cross cutting approach which ensures that the Council has the flexibility to take advantage of the opportunities presented whilst still maintaining financial discipline.

Calderdale Forward is the District's Local Strategic Partnership (LSP) and is involved at two levels in relation to the achievement of key cross-cutting outcomes:

At partnership level – a number of key partners play a critical role in the delivery of Calderdale's Sustainable Community Strategy with its overarching vision of "Everyone Different, Everyone Matters". These partners are directly represented on the Board of Calderdale Forward, and report regularly to it.

On strategic matters of importance to the Council – the Council consults and involves Calderdale Forward in the preparation of key strategic documents. The Council with the LSP has developed the Local Area Agreement (LAA) for 2008 to 2011. Partner organisations from across the statutory, private and voluntary/community sector have been directly involved in the development of LAA outcomes, indicators and targets.

The Council has agreed an Economy and Enterprise Strategy with Yorkshire Forward which provides a context for private sector investment into the district, a basis for coordinating partner funding and a vision for the future economy of the borough.

Ongoing development with partners to provide a joined up service to the community are well established in Calderdale. Examples include sharing accommodation with the Police and PCT to streamline services and costs. The Council's Asset Management Planning process receives input from other public sector organisations and partners such as West Yorkshire Police, Pennine Housing, South West Yorkshire Mental Health Trust, the NHS and the PCT to ensure that all parties' processes are aligned.

Calderdale collaborates with other West Yorkshire Districts to pool resources allocated from Central Government in response to integrated strategies. Examples include the Local Transport Plan, West Yorkshire Sub-Regional Investment Plan and West Yorkshire e-Government Strategy. Increasingly resources are being channelled through the Leeds City Region such as the Growth Point funding for the infrastructure needed to stimulate housing delivery in Calderdale.

The Council continues to explore partnering options and prioritise resources from traditional sources to address specific requirements.

3. THE COUNCIL'S AMBITION AND CORPORATE PRIORITIES

The Council's planning framework helps focus on how we need to plan, do, monitor and review in order to deliver our ambition and eight population outcomes:

3.1 Population Outcomes

Our ambition for Calderdale

We want Calderdale to be a place where we value everyone being different and through our actions we demonstrate that everyone matters

Our population outcomes:

- Safeguard Calderdale's future and foster economic prosperity for all - **Economy & Enterprise**
- Improve the quality of our environment and promote respect for Calderdale's heritage - **Environment**
- Prosper as a place where people can feel safe and are encouraged to get involved in shaping their future - **Safer & Stronger Communities**
- Reduce the amount of preventable ill health across the population as a whole - **Healthier Communities**
- Ensure that people stay in control of their own lives and play a full and active role in society - **Older People**
- Flourish as a place where every child and young person thrives, is safe and happy - **Children & Young People**
- Work to ensure that the differences in health, quality of life and economic prosperity between different communities within Calderdale reduce rather than increase – **Narrowing the Gap**
- Ensure that resources are allocated and used efficiently and effectively to meet the Council's priorities - **Use of Resources**

This will be achieved through:

- Our corporate change programme – Vision into Reality
- Partner and council strategy implementation
- Directorate step change projects

- Continuous Improvement in core service delivery

There are three key specific parts of the framework:

- Vision into Reality
- Directorate Strategic Overviews (DSOs)
- Service Improvement Plans (SIPs)

Underpinning this are council commitments from partner and Council strategies such as the Equality and Diversity Scheme, Older People Strategy and external regulatory requirements.

Vision into Reality sets out the portfolio of change programmes the Council is committed to deliver to achieve its ambition and population outcomes.

Directorate Strategic Overviews show each Directorate's contribution to Vision into Reality, partner and council strategy implementation, directorate step change projects and continuous service improvement in core service delivery in order to give an overview of the Directorate Delivery priorities. They are living documents which are reviewed and revised as required.

Service Improvement Plans show actions to deliver continuous improvement in core service delivery. They are also living documents which are reviewed and revised as required.

The framework is shown in the diagram below.



Those parts of the framework that will be delivered through programme management (Vision into Reality and directorate step change improvement) will follow a programme and project management approach using the Calderdale Way methodology.

The **Vision into Reality** includes the key corporate capital projects such as:

- Halifax Customer First which aims to relocate customer services and office space to a new location within Halifax town centre. In addition it has enabled the Council to complete the east stand of the Shay stadium, including the potential provision of integrated Higher Education, Further Education, Sports and Leisure activities.
- New Leisure facilities including the provision of replacement swimming pools in Sowerby Bridge (the current pool is no longer fit for purpose) and Brighouse (the previous pool closed some years ago) but also encompassing new gym and leisure facilities on the same site. The Pools strategy also includes plans to potentially replace the existing Halifax pool (which is nearing the end of its useful life) with improved facilities at the North Bridge Leisure Centre in Halifax (subject to successful business planning).
- North Halifax Academy and Building Schools for the Future will involve significant investment in the provision of the new Academy and the replacement/refurbishment of primary and secondary schools.

The Council also has a Medium Term Financial Strategy, which provides the overall basis for budget forecasts and annual budget planning both in terms of revenue and capital expenditure. This is linked to the Council's priorities and at a more detailed level the Service Improvement Plans. These Improvement Plans describe the main actions each Directorate and Service will take over the next three years to achieve the corporate priorities and objectives and the revenue and capital resources which will be needed to achieve those improvements.

4. RESOURCES

4.1 Calderdale's Approach to Prioritising Investments

The Council's approach to prioritising the use of capital expenditure and resources is broadly as follows:

1. To maintain the allocation of grant funding broadly in line with the earmarked Government allocations for Schools, Highways and Housing.
2. To progress projects which are fully funded and which therefore will have no effect on the Council's overall capital financing position. This includes schemes which are funded by grants or which will be financed by prudential borrowing.

3. To prioritise schemes within the overall level of capital receipts available to the Council over the planned period using the Investment Plan process.

Prioritisation of investment within each of these categories is undertaken as explained below:

4.2 Schemes funded by Government allocations

Education – Priority Investment Plan

The schools capital programme is designed to support Calderdale Council's Children and Young Peoples Ambition Statement and the corporate priority of improving educational achievement of ensuring that the district flourishes as a place where every child and young person thrives, is safe and happy.

All schools have been surveyed to assess the condition, the suitability and the sufficiency of the buildings. Around 20% of the school stock is resurveyed annually. This information is held in a database, which identifies the most urgent categories of need. Every school has been provided with an Asset Management Plan on which local decisions about capital projects can be made. The listing of needs is used to assess priorities. An important part of the survey data is an Asbestos survey that identifies the location of asbestos in all school buildings.

In drawing up priorities for capital work, officers take account of local knowledge and professional advice from colleagues in Building Consultancy, the Schools Asset Management Consultation Group and the Education Effectiveness Service. This ensures that projects are prioritised fairly in light of the information available. The Council also produces a Statement of Priorities (StOP) which explains the nature of building improvement measures required in schools in order to plan capital expenditure. This document is no longer required by DCSF but is reviewed annually by the Council to allow changes in building conditions and needs to be reflected in priorities.

The StOP is a dynamic document and identifies that planned proposals may have to be put on hold or re-phased if emergency works are required or if Government requires new proposals on strategy and funding. However priorities that are contained within the StOP reflect both the AMP and as far as possible whole school issues. In addition to this, the priorities recognise the need to consider the School Organisation Plan in terms of pupil growth and decline.

Calderdale's StOP is reviewed each year. The annual review takes into consideration the latest AMP survey information and local knowledge gained from schools and surveyors. The details contained in the StOP have been updated to reflect changes that have come about through emerging building related problems within the last year.

The StOP identifies the need for secondary school improvement. The DCSF has however indicated that it will be 2011 before any allocation will be made to Calderdale under the Building Schools for the Future (BSF) initiative. Secondary schools have been encouraged to deal with AMP priorities through their own devolved capital allocations from DCSF in the meantime.

The StOP also includes a potential programme for replacement primary schools under the BSF Transforming Primary Schools initiative. The Authority continues to prioritise work where possible on its primary school stock, in part this is because around 56% of

the school stock is of Victorian construction and the amount of direct Devolved Formula Capital that the school obtain from the DCSF is relatively small. The schools are smaller than secondary schools and so greater effect can be achieved on a small number of schools than it could be spread over all schools.

Capital funding for school building work comes from a range of sources. For example through direct grants for schools from the DCSF under the New Deal for Schools (NDS) scheme, Primary Capital Programme (PCP), Supported Borrowing Approvals (SBA) or grant aid through the DCSF Standards Fund arrangements together with Schools Access Initiative funding (SAI), Targeted Capital Fund (TCF), and Basic Need. Aided schools receive 90 per cent capital funding directly from the DCSF and the governors are responsible for funding the remaining 10 per cent.

Highways - the Local Transport Plan

The Local Transport Plan (LTP) is submitted on a West Yorkshire wide basis but the settlement is allocated directly to each district and the West Yorkshire Passenger Transport Authority according to percentages agreed by the LTP steering group and the Association of West Yorkshire Authorities. The Metro element is spent on public transport facilities across the region but including the Yorkshire Bus Initiative in Calderdale. The current LTP covers the period 2006/07 to 2010/11.

Calderdale is allocated resources for capital expenditure in respect of Maintenance and Integrated Transport in support of the objectives set out in the LTP. The Department for Transport guidelines indicate that the priorities are improving accessibility and public transport, tackling congestion and pollution, reducing the problems of road safety and effective asset management to improve roads conditions. Although local discretion can be applied in the use of this funding, their use needs to reflect these national guidelines and priorities.

The allocation for Maintenance of Carriageways and Highway Structures is prioritised according to the relative condition of these assets as set out in the AMP following regular maintenance inspections. Individual schemes are prioritised using the MARCH highway assessment system and in accordance with the Service Improvement Plan.

The allocation for Integrated Transport is aimed at satisfying the Government guidelines for the 'shared priorities' and comprises schemes, which contribute towards regeneration, economic growth, social inclusion and environmental enhancement.

Housing

The Council has an existing Housing Strategy which covers the period 2005-10 and is shaped by national and regional priorities (including the Regional Housing Strategy, the West Yorkshire Housing Strategy and the Government's Communities Plan), Calderdale's Futures and Improvement Plan, the UDP and other key documents, and the views of partners, communities and residents.

The objectives set out within the Strategy are:

- To meet the community's need for a mix and choice of affordable properties based on a good understanding of the housing market in the Borough

- To reduce the amount of poor quality housing and increase the number of decent homes
- To ensure an effective housing contribution to the regeneration of the Borough
- To meet diverse housing needs, foster community cohesion and support vulnerable people
- To help residents feel safe and free from fear in their homes and neighbourhoods
- To reduce fuel poverty and contribute to tackling health inequalities

Capital resources are prioritised to meet these objectives. Although funding for housing needs can come from a variety of sources, the majority is private sector investment by individuals and institutions in Calderdale. The role of the Council is to steer this investment to meet local needs and to deploy its own resources to stimulate or contribute towards this investment or where there are gaps in private sector investment. The resources available to the Council include funding from the Social Housing Grant, the Regional Housing Board, Housing Associations, the private sector in terms of section 106 contributions and other sources.

Resources from the Regional Housing Board are obtained through a bidding process. Funding for disabled facilities grants are allocated through the Regional Housing Board (not subject to a bidding process) but with a requirement to find match funding through the Council's capital programme. The Council will also seek to promote the development of environmentally friendly housing in line with the Housing Green Paper.

4.3 Fully funded schemes

Capital projects which are fully funded or self-financing, can be referred to Cabinet for inclusion in the Capital Programme at any time. An appraisal process is, however, carried out to ensure that these projects still meet the objectives of the Council. The appraisal process for schemes which are partly funded or for which there is no funding in place are considered as part of the Investment Plan process outlined below.

The Council's strategic approach to resources identifies and maximises the potential for a number of funding streams including Prudential Borrowing, Invest to Save, PFI, Lottery, Trusts, etc.

The Council is selective in the bids it makes for external funding by ensuring consistency with its corporate priorities and financial strategies. Nevertheless, the Council has been successful in obtaining funds across a variety of funding streams ranging from PFI for new build/refurbishment and facilities management for 5 schools, through regeneration funding via Yorkshire Forward, to DWP support for improvements to the benefits service, and grant funding to support our e-government developments. More recently the Council has successfully bid for Lottery funding to help build a new library in the King Cross area of Halifax and the recently announced Piece Hall Development. The external funding obtained is instrumental in delivering significant service improvement in the relevant services.

Where a scheme is reliant upon external funding that is time limited, the ongoing costs of continuing the scheme are considered. Exit strategies have to be identified by the relevant directorates who are responsible for meeting any on-going costs. If a scheme is deemed to be so successful that it becomes a corporate priority then on-going funding may be identified centrally as part of the budget process.

4.4 The Investment Plan

The Investment Plan is funded mainly from using capital receipts from the disposal of surplus assets held by the Council. The amount of capital receipts, therefore, limits the extent of the Investment Plan over a period of time. The process below applies when there are sufficient resources to review the investment plan.

Capital resources are prioritised using a well-developed and tested capital appraisal technique. The appraisal process takes account of corporate priorities, risks, external funding leverage, short and long-term costs including revenue costs and savings. It is a well-documented and transparent process leading to a priority ranking of schemes.

Directors firstly formulate their capital investment requirements and assess the options available to achieve those needs. An evaluation form for the chosen option is submitted. The form clearly sets out the basis on which the schemes will be scored and subsequently prioritised by the multi-disciplinary Capital Programme Compliance Group (Capcog). In future it is envisaged that directorates' capital requirements will be determined by their Service Asset Management Plans.

There are 3 key appraisal stages before schemes are approved into the Capital Programme. The initial sift stage questions and tests whether schemes match the Council's priorities. The second stage covers technical feasibility and statutory risk of each scheme and adds to corporate priorities by assessing the degree and type of risk involved in the scheme. It also includes whole life costing and the identification of measurable outcomes. Additionally at this stage, Value For Money is assessed so that schemes are favoured when they meet priorities at the lowest cost (in absolute, leverage and revenue terms) to maximise the use of Council's pool of resources. The bids are considered by the Corporate Asset Management Group (CAMG) at both stages of the assessment process.

The outcome of the assessment process is considered by Senior Management Team and then reported to Cabinet. It is Cabinet which decides upon the schemes to be recommended to Council for inclusion in the Investment Plan, and it is Council which makes the final decisions.

Once a scheme is included in the Investment Plan, the third and final stage comprises a detailed appraisal prior to the tendering process to scrutinise costs, risks, timetable issues etc. The information required for this final project appraisal stage is also recorded so that schemes are tracked from inception through to final project approval.

The Council's property policy is to rationalise the property portfolio and provide fewer buildings, which are maintained to a better standard, which are fit for purpose and provide better access to services. The capital receipts generated from this rationalisation process are directed to the investment programme.

The development and appraisal process for capital investment in all property related schemes is influenced by the Corporate Property Officer through the Corporate Asset Management Group (CAMG). CAMG is a corporate group comprising representatives of all directorates with additional advisors from key areas within the Council. The group challenges existing practices of services best use of properties whilst maintaining a role in assisting and supporting services to provide property which allows improvements in service delivery. All property related schemes compete with other proposals for capital

resources. This process encourages lateral thinking, a focus on smarter ways of working and alternative delivery methods of service and/or property. This is a key part of the property rationalisation strategy developed by the Corporate Asset Management Group.

The Council has a forward programme of Capital receipts covering surplus property, planned release of accommodation and development opportunities. The Land Disposal Working Team manages the disposals process. This is a cross service group including the Council's Planning, Legal, Engineering and Land and Property Services. This links into the Council's Investment Plan.

The current Investment Plan focuses on a small number of key corporate projects, the main ones being Halifax Customer First, Swimming/Leisure Facilities, Household Waste Recycling Centres and Schools Prudential Borrowing.

The costs of these are still being assessed at this stage and will only progress to being recommended for Council approval where a satisfactory robust business case is proven. In each case the overall cost will need to be funded by capital receipts with the remainder being funded by grants or prudential borrowing.

4.5 Capital programme

Council agrees a rolling three-year capital programme each year consistent with the capital strategy and the resources available. The current capital programme and the three-year capital forecast for expenditure and funding is set out below:

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	Total £m
EXPENDITURE					
Adult Health and Social Care	0.3	0.3	0.0	0.0	0.6
Economy and Environment	24.0	20.4	11.1	9.6	65.1
Safer and Stronger Communities	5.7	8.5	0.3	0.0	14.5
Children & Young People's	18.3	27.6	15.0	15.0	75.9
Chief Executives Office	0.3	0.2	0.0	0.0	0.5
Total All Directorates	48.6	57.0	26.4	24.6	156.6
FUNDING					
Earmarked Funding					
Grants & Contributions	23.5	38.1	16.8	17.7	96.1
Revenues & reserves	2.9	0.7	0.5	0.0	4.1
Ring fenced / Prudential Borrowing	4.4	4.3	0.0	0.0	8.7
Pooled Resources					
Borrowing Passported	7.9	7.1	7.0	7.0	29.0
Generally Available	0.1	0.0	0.0	0.0	0.1
Capital Receipts	15.1	0.0	0.0	0.0	15.1
TOTAL FUNDING	53.9	50.2	24.3	24.7	153.1
	5.3	-6.8	-2.1	0.1	-3.5
SURPLUS/DEFICIT					

In overall terms there is a deficit of £3.5m projected over the period 2009/10 to 2012/13. The timing and size of specific capital receipts is fairly uncertain and no estimate has been made of anticipated capital receipts so the above position only includes them where actually received. The Council has therefore taken a prudent line in only committing itself to capital spending reliant on anticipated receipts where prudential borrowing resources have been properly identified to finance any temporary deficit until resources are secured.

4.6 Revenue Implications

The revenue implications of the Capital Programme in terms of the cost of borrowing have been built into the MTFs. The sponsoring directorates will accommodate within their revenue budgets the ongoing revenue implications in terms of additional costs/income associated with the investment.

4.7 Prudential Indicators

The Prudential Code for capital finance in local authorities governs that the capital investment plans of local authorities are affordable, prudent and sustainable. Each year the Council agrees a set of prudential limits and indicators in order to demonstrate that the authority can meet these objectives. Council agrees the targets and limits for the Council's prudential indicators and treasury management functions each year. The key indicators for prudential borrowing purposes are indicated below:

Capital Projects and Financing Costs to Net Revenue Stream

This indicator is intended to show the proportion of the Authority's resources that are used to finance capital assets based on the estimated levels of capital expenditure.

	2009/10 Estimate %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
Finance costs as a % of net revenue stream (excl DSG)	7.0	7.0	7.0	6.8

Cabinet (who agree all capital schemes) are made aware of the ratio of financing costs to net revenue stream to show that debt will be consuming roughly the same share of total resources and therefore affordable over the medium to long term. Calderdale's ratio is stable reflecting our prudent approach to financial management.

Capital Projects, Net Borrowing and the Capital Financing Requirement

The capital financing requirement includes all relevant capital expenditure already incurred and due to be incurred over the period and reflects the Authority's underlying need to borrow for capital purposes.

The capital financing requirement as at 31st March at the end of the following years is as follows:

2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
200.9	204.7	203.9	202.7

Net borrowing, except in the short term, must only be for a capital purpose and not exceed the total of the capital financing requirement. Calderdale is well within this indicator. However as the MTFS assumes a level of balances (including the Capital Financing Requirement) and reserves that the Council has at its disposal to provide its services, any significant change in these would impact on the level of resources (both supported and non-supported) that the Council would make available for capital projects. The Council has developed a model that attempts to anticipate and informs future years' MTFS in addition to regular monitoring that takes place.

Capital Projects and the Operational Boundary/Authorised Limit for Debt

These limits are set with reference to the estimates of expenditure and cash flow forecasts inherent in the Capital Programme and MTFS.

	2010/11 £m	2011/12 £m	2012/13 £m
Total Operational Boundary	182	181	180
Total Authorised Limit	190	189	188

Long-term debt levels around the operational boundary (i.e. expected borrowings) are affordable for Calderdale. Monitoring of these indicators provide early warning of either expenditure or resourcing issues which may need rectification and, potentially, changes to our capital plans especially if the authorised (i.e. maximum) limit is in danger of being breached.

Capital Projects and the Impact of Prudential Borrowing on Council Tax

The Council's agreed strategy is to promote revenue budget neutral schemes (such as Invest to save, alternatively resourced or revenue generating schemes) and these decisions are made through two major processes - the Investment Plan and the setting of the annual revenue budget.

The opportunity cost to the Council of the above expenditure does not alter whether capital receipts, borrowing, revenue budgets or a combination of these are used to finance the strategy.

Capital projects are presented in terms of their different absolute impact on Council Tax and on the basis of increases in Council Tax. As a rule of thumb, £0.8m of extra revenue spend is the equivalent of 1% on the Council Tax in Calderdale.

4.8 Risk assessment

The council has a very strong risk management framework in place. The core of this framework is set out in the corporate risk management strategy and corporate risk register. In addition to the corporate register, each directorate has its own operational risk register which integrates the relevant directorate performance strategy, improvement plans and budgets. Each capital scheme within the capital programme will also have a risk assessment undertaken within the project management arrangements for that scheme.

4.9 Sensitivity analysis

The main sensitivities around the financial forecasts provided within this strategy are:

Sensitivity	Risk management
Capital expenditure on schemes exceeds the planned expenditure due to cost overruns, unforeseen conditions, problems with project management etc.	Project appraisals are undertaken for all schemes included within the Investment Plan to ensure that a sound business case has been prepared
	The directorate has to identify how to fund any shortfall apparent at tender stage before a scheme can proceed
	Directorates are required to identify compensatory savings elsewhere in their capital programmes or report to Cabinet if cost overruns become apparent as schemes progress and are monitored
	Potential overspends or time delays are identified as part of the capital monitoring process. A traffic light system is being developed to highlight those schemes where problems are being experienced.
Interest rates increase with consequent revenue implications for the council	Cabinet agrees each year a treasury management strategy

	which phases borrowing over a period of time and therefore limits the exposure to possible increases in interest rate rises
The extent of capital receipts diminish as surplus assets become more difficult to identify	The prioritisation of schemes for capital funding dictates that only projects within the Investment Plan are funded using capital receipts. Projects are not released from the Investment Plan into the Capital Programme until sufficient capital resources have been identified for them to proceed.
	Actions to bring forward property for sale e.g. Invest to sell, property reviews and area reviews

5. PERFORMANCE MANAGEMENT

5.1 Procurement

The Council places continuing emphasis on the understanding, application and promotion of good practice procurement. A review of the Councils current procurement function is being undertaken to identify areas of opportunity for efficiency and improvement. The review will also include looking at potential improvements such as review of the Contract Procedure Rules and standardisation of documentation leading to leaner working. The current Procurement Strategy was revised and re-launched following the outcome of the review, including a revised approach towards sustainable procurement, based on the “Procuring the Future” report.

The range of support, advice and guidance offered by the Corporate Procurement Unit to Members and Officers has continued to develop, through a combination of individual consultation, new and existing staff training and increasing the number of guidance notes available.

The market is encouraged by having access to the “Winning Council Business” document available on its website. The Council has continued to implement the Regional Centre of Excellence’s Supplier and Contract Management System, along with the region’s other authorities, improving access for suppliers to a wider market via the system’s e-tendering site, particularly for higher value contracts. Opportunities for procurement input into the Calderdale Compact are being taken up and the outcome the review of the procurement function is expected to drive a thorough review of the Contract Procedure Rules to address identified areas of improvement.

The Council has continued to apply the “Passport to Equality and Diversity” to ensure joint views on opportunity for all between ourselves and our supplier, and the Passport is also included in reviewing our procurement function and activity to assess how this system can be improved.

The Council sees great benefit in working in partnership on procurement activities. The Council is a member of the Yorkshire Purchasing Organisation, which is a consortium of local authorities, and other organisations. Our Procurement Strategy incorporates the West Yorkshire IEG Partnership e-Procurement Strategy. The Council has been an active participant in Regional Centre for Excellence and West Yorkshire Sub-Regional Group activities particularly in respect of IT services where the Council is the Lead Partner on a number of initiatives agreed by the Gershon 15 Technology (sub Group).

The Council is working with the West Yorkshire Procurement Partnership, in developing its work programme and relationship with the Regional Improvement and Efficiency Partnership. The Council continues to make effective use of OGC Contracts such as the Corporate Mobile telephone contract and the use of S-Cat/G-Cat/Catalyst as mini-competitions for project management of the new swimming pools scheme, and IT projects. The Council also makes good use of Yorkshire Forward’s Urban Renaissance frameworks for its regeneration schemes. The Council continues to utilise opportunities for collaborative working with other authorities especially in our own region.

The Council continues to take a pragmatic approach to the delivery of the Capital Programme using a mix of in-house teams and external consultants, together with traditional and partner’s procurements of contractors. Directorates take the client role and appoint project officers for each scheme.

Much of the highways capital programme delivery is through well-established partnership arrangements with Amey Infrastructure Services (AIS). A profit sharing arrangement has been negotiated for any work over and above the base level reinvested into the service to further improve delivery. Where appropriate traditional contracts are still utilised, for example the specialised work using natural stone materials in town centre improvements, where a quality/price/delivery matrix assessment has been used to ensure a balance between price and other relevant issues. Highways Structures are dealt with through a partnership arrangement with Mouchel Parkman.

Local suppliers are encouraged, positive promotion of local skills training is promoted, and AIS support local apprenticeships and the “more than bricks and mortar” initiative.

Design and Maintenance implements the Council’s building programme in conjunction with additional professional support engaged via the Council’s competitively tendered framework for professional building services. Projects are procured through the traditional tendering procedure using the Council’s selected List of Contractors, although a partnering approach (for both consultants and contractor) has been piloted on a major school refurbishment.

Plans are underway to develop a framework with local contractors for small works, and the Council is an active participant in the proposed regional framework for major contractors being developed by the Regional Centre of Excellence, and taken forward by RIEP.

5.2 Project monitoring

Project performance is monitored in relation to time and cost through the completion of national PIs (NaPPMIs).

5.3 Contractor and Consultant Performance Monitoring

Contractor and Consultant performance monitoring are moving forward on a number of areas. The 'Post Project Review' process has proved beneficial in identifying key areas for improvement. A project performance monitoring mechanism is being developed to monitor performance of the whole project team to identify poor practice or performance at an early stage. The Project Manager for each project, with assistance from the Clerk of Works/Quality Assurance Co-ordinator, will be responsible for monitoring and providing feedback at project meetings.

5.4 Programme Monitoring and Evaluation

The overall Capital Programme (both expenditure and funding) is monitored regularly throughout the year. Four formal monitoring reports are submitted each year to Cabinet, with additional reports by directorates to Scrutiny Panels similarly timetabled. Monitoring reports identify: - (i) any schemes which have significantly slipped expenditure profiles/completion dates, together with explanations for this, and (ii) any schemes forecast to overspend against budget by more than £20k, again with explanations/proposed courses of action. Expenditure and resources are updated for actuals and forecast forward after formal capital monitoring meetings are held between Scheme Managers, Building Consultancy and Central Finance. The results of these overall monitors are circulated to Senior Management Team and reported to the Capital Programme Working Party prior to Cabinet. In addition individual Directorates submit reports covering individual schemes in more detail to their Scrutiny Panel. Further reports are brought to Members if major unanticipated changes are identified between monitors. A traffic light system has been developed and implemented which identifies variances against individual schemes or programmes regardless of whether those variances relate to cost, time or other factors. The Capital Programme Working Party can request additional information on schemes based on this traffic light system.

Budget overspends, underspends and slippage are dealt with in the context of the overall programme. Capital monitoring reports highlight the action plan for schemes where little or no progress has been made. As indicated above, Calderdale has established a member Capital Programme Working Party to provide an interface between Cabinet and officers. The remit of the working party is to:

- Oversee preparation and review of the three year capital strategy
- Oversee the development, management and monitoring of the capital programme
- Direct and inform the Investment Plan process, ensuring the capcog process is followed
- Support/assist in the programmed release of property for disposal to ensure a flow of capital receipts to fund the Investment Plan
- Review significant capital/disposal projects on a service by service basis
- Provide advice and guidance on specific projects/capital/disposal issues

6. CONTINUOUS IMPROVEMENT

6.1 Investment Planning Process

The process is under constant review and improvements have been made and will continue to be made where possible. For example the introduction of an initial sift stage has led to fewer schemes being brought forward to the final stage but more reflective of priorities. The appraisal criteria have been expanded for example to ensure that:

- The prioritisation matches the Council's new ambition and priorities
- Investment decisions are made on the basis of sound business cases. Pro forma business cases and examples are available for use particularly on larger more complex schemes within the Investment Plan
- Business cases should include options appraisals and whole life costing techniques where appropriate. Procedures and guidance have been developed demonstrating the need and use of both options appraisal and whole life costing.
- There is a focus on measurable outcomes. A much greater emphasis will be put upon monitoring and ensuring that the outcomes anticipated in the business case for the capital invested are achieved.
- Investment is targeted at achieving Value For Money and identifies any efficiency savings (cashable or non cashable) which can be achieved through the investment
- The impact on prudential indicators is determined

6.2 Capital monitoring

The Capital Programme Working Party has developed a traffic light system for individual capital schemes to ensure that any potential problems in terms of cost, timescales or other issues are flagged up at the earliest opportunity and remedial action taken where possible. The Calderdale Approach to Project Management (CAPM) has also been reviewed and the Calderdale Way developed which sets out a series of steps which should be followed in the development of projects.

6.3 Conclusions

The Capital Strategy demonstrates and sets the framework for how the Council's capital programme supports its corporate priorities. The Capital Strategy is subject to continuous review and has been prepared in collaboration with other directorates to ensure that it is consistent with the Medium Term Financial Strategy, which has itself been reviewed and updated. The revenue implications of the capital strategy have also been built into the MTFS.

7. REFERENCES

The Capital Strategy links to and makes reference to the following documents:

The Medium Term Financial Strategy 2010/11 to 2012/13 (Council 1 October 2009)

Draft Corporate Asset Management Plan 2009 – 2012

The Local Area Agreement 2008 -2011

Statement of Priorities, School Capital Programme (Cabinet 10 July 2008)

The Local Transport Plan (Cabinet 21 April 2008)

The Housing Strategy 2005-10

The Investment Plan

Capital Programme Monitoring 2009/10 to 2012/13 (Cabinet 23 February 2010)

Treasury Management Annual Strategy report 2010/11 (Cabinet 1 February 2010)

Borrowing Limits and Prudential Indicators (Cabinet 1 February 2010)

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