

OADBY & WIGSTON CAPITAL STRATEGY
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OADBY & WIGSTON CAPITAL STRATEGY – MARCH 2008

1.0. District Profile

The Borough of Oadby and Wigston adjoins the south eastern side of the City of Leicester and is mainly urban in nature, but has immediate access to the attractive countryside of South Leicestershire. The Borough covers an area of 23.52 km² and has a population of 56,000. The Borough is predominantly residential with the majority of the population living in or around the towns of Oadby, Wigston and South Wigston.

Countryside dominates the south of the Borough and is characterised by a gentle rolling landscape which is divided by a series of regularly spaced watercourses. The Grand Union Canal offers a distinctive landscape. Within the Borough there are designated Sites of Importance for Nature Conservation (SINC), a Site of Special Scientific Interest (SSSI) and Regionally Important Geological and Geomorphologic Sites (RIGS). There are also 9 Conservation Areas designated within the urban area.

The Borough's economy is diverse and covers a wide variety of sectors from manufacturing to business and professional services. There is an increasing service sector, which is growing at the expense of manufacturing – a national trend, based on increasing globalisation. Unemployment is also low at 3.1% (2006) which is below regional and national averages (4.3% and 4.8% respectively), although slightly above the County average of 2.9%. The Borough is also home to the main administrative services and student accommodation of the University of Leicester which is based at Oadby.

2.0. Strategic Aims and Objectives

This strategy is a high level summary of the Council's approach to capital investment. It describes how the deployment of capital resources contributes towards improving the economic, social and environmental well being of the area as set out in the Council's Corporate Plan and the Community Strategy.

Its emphasis is to provide the infrastructure for service delivery. Investment priorities are grouped into themes which reflect the Council's priorities:

- **A good quality of life for all residents**
- **A clean, green and safer environment**
- **A successful economy**

Departmental service plans translate the Council's aims and objectives into annual plans. The Council has a 5 year medium term financial strategy and a 5 year capital plan (with 5 year revenue implications). The financial strategy, capital plan and service development plans are presented to Committee and Council for approval as one combined report so that the linkages between service developments, spending plans, capital investment proposals and capital financing needs are clear. Annual reviews of the longer term strategies occur as part of each year's budgetary process.

The objectives of this Capital Strategy are to ensure that:

- physical assets and related resources are efficiently and effectively used to support service delivery in accordance with the Council's stated priorities,
- issues relating to property and other assets are fully reflected in the Council's planning,
- the strategy itself is in a format that can be readily understood.

The Capital Strategy provides the policy framework for the operational work of asset management as detailed in the Asset Management Plan (AMP). The Council's performance in managing its assets will be assessed against a range of performance criteria as set out in the AMP.

3.0. Key Priorities

The Council owns land and buildings and is aware of the need to use these assets in the most effective way for everyone's benefit. Detailed below are the key capital investment priorities and examples of current programmes.

Investment Priority – A Good Quality of Life for all Residents

Affordable Housing: Through the Council's Housing Strategy, a commitment is made to 'maximise the opportunities for affordable housing within the Borough'. As the overall levels of capital available to the Council are limited, it is not possible or realistic to provide significant amounts of funding for new affordable housing. The majority of funding is therefore secured through the Housing Corporation, which the Council works closely with to ensure that investment is targeted to meet local needs.

The Council can however support the provision of new affordable housing through:

- the transfer of land at below market value to a registered social landlord, where this can help with the viability of a scheme
- Making capital contributions to new affordable housing schemes, where a 'commuted sum' has been received from a developer that is in lieu of providing affordable housing on a specific site.

Council Housing: In 2005, following a rigorous options appraisal exercise, the Council decided to retain its housing stock. It was clear that the overwhelming preference of tenants was to remain with the Council as landlord (95% in favour), with there being sufficient financial resources for this option to be viable in the long term.

In 2007/08, the Council will invest £850,000 in major improvements to its stock. In 2008/09 – and for at least the next five years - this investment changes to £800,000. The primary aim of this investment is to ensure that our homes meet the Decent Homes Standard by 2010 and beyond. Where there are sufficient capital resources remaining, we aim to improve properties in ways that meet tenants aspirations (e.g. off street car parking). The main areas of expenditure within the programme are replacement kitchens and bathrooms, upgrading/replacement central heating and major adaptations to properties for people with physical disabilities (e.g. creating a downstairs bathroom).

Given the substantial level of capital investment being made in Council housing, it is essential that this is used in ways that offer best value for money. As such, the Housing Section has reviewed its procurement arrangements and identified options for new ways of procuring services (such as longer term partnering arrangements), which could provide better value for money in the future.

Private Housing: The Council's policy is to assist the elderly, people with disabilities and low income households to carry out essential works to their homes through the giving of grants. The policy sets categories of eligibility that prioritise low income, vulnerable households with high risk defects to their homes. There are three types of grant:

- Essential works grant – to address any failures in any of the four decent homes standard categories
- Conversion grants – to convert unused rooms over commercial businesses into living accommodation (these will be prioritised in, but are not exclusive to, South Wigston)
- Disabled facilities grants – a mandatory grant for residents with disabilities

The aim of the grants policy is to achieve locally the national target of 70% of vulnerable homes reaching the decent homes standard by 2010.

During 2008/09 a private house condition survey will be undertaken to provide information to enable future grant expenditure to be targeted towards the areas of greatest need. It is also proposed to investigate the creation of a loan rather than a grants scheme in order to be able to 'recycle' this private housing expenditure thus achieving maximum value from the funds available.

Sport & Leisure: The Council recognises the importance that sport and leisure plays in people's lives and will invest in facilities in line with the Sport and Leisure Strategy.

During 2007/08, approximately £300,000 was invested in Parklands Leisure Centre, the cost of which was met by the leisure contractor as part of the new leisure management contract. Further investment of around £50,000 will be made early in 2008/09 through the installation of a new leisure management system at Parklands and the Oadby & Wigston swimming pools. This will give detailed information on the usage of leisure facilities, including the make-up of customers visiting the centres. Other investment relates to updating the equipment within Parklands Leisure Centre and maintaining the fabric of the buildings at the three sites which are largely the responsibility of the leisure contractor.

A number of rolling programmes are in place for the maintenance and improvement of parks and recreation grounds. These include a rolling programme of footpath resurfacing and a play equipment refurbishment programme, the latter being based on a full condition survey of all playgrounds carried out in late 2007. A major project from 2008/09 onwards is implementing the 'Plan for Uplands Park' (a budget of £125,000 has been set aside for this project in 2008/09). The plan includes provision for a new skate park at Uplands Park or an alternative site in Oadby. A number of friends groups are established which assist in developing the Council's plans for improvements to parks and recreation grounds.

Community Involvement (and participatory budgeting): The Council has fully adopted the principles of participatory budgeting by awarding the three Community Forums a total of £500,000 capital funding over a 3-year period which commenced in 2006/07. This represents up to 20% of the Council's non-HRA capital programme in any one year. The capital funding is allocated as follows:

- Oadby Forum - £200,000
- Wigston Forum - £200,000
- South Wigston Forum - £100,000 *

* Less than other Forums because of the regeneration monies available in South Wigston.

Any resident can put forward a proposal for capital spend at a Forum Meeting. If this proposal is supported by a majority of residents, after undertaking appropriate consultation, feasibility and technical investigations the proposal is presented to the Council's Policy Committee for consideration and approval. All proposals for spending from Community Forum budgets must comply with the Forum Spending Guidelines which are included at appendix 1 to this Capital Strategy. The Council has given the commitment to 'top up' Forum funding when the existing funding runs out and appropriate provision has been made in future capital plans.

Investment Priority – A Clean, Green and Safer Environment

Environment: The Council recognises the importance of waste minimisation and sustainable communities and operates a waste collection service designed to optimise recycling rates whilst at the same time minimising residual waste taken to landfill.

Requirements for vehicles, plant and equipment are dealt with through the leasing programme (as are vehicle/plant requirements for other services). With effect from 2008/09 vehicle specifications have been amended to introduce more versatility and additional efficiencies into the service and in preparation for possible partnership working through the South Leicestershire Partnership. It is proposed to replace 4 'caged' lorries with 4 70/30 ratio compactor recycling/refuse collection vehicles as part of the overall vehicle replacement programme. This will also contribute to the Council's declaration on Climate Change through a reduction in the carbon footprint from reduced refuse rounds and reduced trips to the recycling transfer station.

As all of the Council's vehicle and plant requirements are met through leasing (due to a lack of capital funds), the financial implications of new and replacement vehicles are assessed through the impact on the revenue budget rather than the impact on capital resources. The Council is aware that leasing arrangements could be replaced by prudential borrowing but is not prepared to finance short life assets over a long period. Accordingly, prudential borrowing would need to be taken out for a period of 5-7 years and the Council has not found this to be beneficial when compared to leasing facilities.

Sustainability: Brocks Hill Country Park and Visitor Centre aims to educate, inform and inspire visitors to be more environmentally aware and to protect the natural environment whilst providing an enjoyable leisure and recreational experience. The Centre and Park act as a focus for the Council's environmental activities. In 2007/08 and running into 2008/09, a new older children's play area will be built at a cost of £150,000, financed by a grant from the Big Lottery Fund. The Council's capital investment plans include various improvements to the Country Park and Visitor Centre with the 2008/09 programme including provision for path upgrades and a new fenced picnic area.

The Countryside and Biodiversity Service ensures that the Council fulfils its role in protecting nature conservation and contributes to the protection of natural resources for sustainable development. Capital investment in 2007/08, again likely to roll forward into 2008/09, includes provision for taking Fludes Lane Woodland and Oadby Grange Country Park into Council responsibility.

Investment Priority – A Successful Economy

Regeneration: A total of £2.18 million of Section 106 monies has been received for the regeneration of South Wigston. These monies have been kept outside of the main capital programme for separate monitoring. A Member Steering Group is in place to progress the various projects to be funded from the regeneration monies. These include a new community facility, environmental improvements, transport improvements and other major regeneration schemes. Proposals will be developed from master plans prepared for Blaby Road Park and South Wigston Town Centre. Various deadlines exist for spending the Section 106 funds which end in 2014.

Master plans have also been prepared for Oadby and Wigston town centres. At the present time, the Council's capital plans do not include any provision for using Council resources to implement the master plans (relying on developers to take them forward) but this situation will be kept under review.

Investment Priority – Protection of Council Assets

In late 2007/early 2008, condition surveys of all major property assets were undertaken and future maintenance requirements identified. The Council's new Asset Management Plan contains an action for the Corporate Asset Management Group to develop this information into a complete planned forward programme for the maintenance of Council properties. It will be the Council's intention to fully fund this programme (and build funding requirements into future capital plans) in order that the existing asset base is protected.

Investment Priority – Access to Services

The capital plans include provision for disabled access improvements to Council properties in order to ensure compliance with the Disability Discrimination Act.

Investment Priority – Service Transformation

Extending access to services is a high priority for the Council and current plans to locate customer advice desks in all local libraries is a demonstration of the Council's intentions. The Council aims to ensure constructive and affordable use of information technology to support the delivery of services to the point of need. The capital programme includes provision for a new electronic committee system, a staff time recording and access control system, a general provision for other new IT projects and provision for a new sound recording and 'visuals' system in the Council Chamber (the latter project is likely to be rolled forward from 2007/08 to 2008/09).

The Council may need to make further capital investment to achieve all of its customer service aims. Any additional investment is likely to be taken from Reserves set aside to fund special projects.

Investment priority – Asset Renewal

The Council will not pursue the acquisition of new property assets unless there is a clearly defined corporate need that cannot be satisfied within the existing portfolio.

Investment priority – Managing Risk

A Capital Contingency Fund is maintained within the Council's capital plans in order to deal with any unforeseen, urgent capital expenditure.

4.0. Capital Resources

The Council's capital resources are limited. It is proposed to utilise the following resources to finance capital plans for 2008/09:

Utilisation of Capital Resources 2008/09 *	£
Supported Borrowing	110,000
Unsupported Borrowing	140,000
Major Repairs Reserve	800,000
Disabled Facilities Grants	100,000
Capital Receipts	441,500
Internal Funds	75,000
Section 106 Monies	115,000
Total	1,781,500

Some of these resources will be exhausted by March 2009, meaning that 'core' capital resources for future years are estimated to be:

Future Core Capital Resources *	£
Supported Borrowing Expected allocation from government	110,000
Unsupported Borrowing Usual 'affordable' provision included in the capital programme	140,000
Major Repairs Reserve Expected allocation from government	800,000
Disabled Facilities Grants Expected allocation from government	100,000
Capital Receipts 2008/09 includes brought forward receipts from the sale of surplus land. From 2009/10 receipts available for financing will be those received in-year only.	50,000
Internal Funds Internal funds will be mostly utilised by March 2009. A small amount will remain but this will be held for emergencies.	0
Section 106 Monies 2008/09 includes brought forward section 106 monies. From 2009/10 monies available for financing will be those received in-year only.	30,000
Total Core Capital Resources available per annum from 2009/10 onwards	1,230,000

* - Excludes Section 106 monies for South Wigston Regeneration

The reduction in ongoing capital resources represents an additional challenge to the justification and prioritisation of capital projects. Where necessary, the limited availability of capital resources is being/will be addressed in the following ways:

- Through the introduction of a new Capital Reserve (not included above) made up from contributions from the revenue budget. £300,000 is being contributed to this

reserve in 2007/08 which will supplement the above core resources.

- Through the investigation of a loans scheme for private sector housing grants to gain more value from grants expenditure.
- Through the use of additional external funding from the new Housing and Planning Delivery Grant and the Local Authorities Business Growth Incentives Scheme.
- Through applications for lottery and other external funding (for example, the Big Lottery Funding received for the new older children's play area at Brocks Hill).
- Through partnership arrangements with other public bodies.

The Council will consider taking out additional prudential borrowing where the service and financial benefits from taking out the borrowing outweigh the financing costs. This will particularly relate to any future major improvements to the Council offices.

Revenue Implications of Capital Schemes: The Council is keen to invest in areas that result in long-term revenue savings. The revenue implications of capital schemes is one of the key criteria against which capital project proposals are appraised, prioritised and approved.

5.0. Asset Management

The Deputy Chief Executive has overall responsibility for the management of property (and is designated the Corporate Property Officer). The Chair of Policy Committee is the lead member for asset management. The Corporate Asset Management Group will meet quarterly to consider progress against the latest action plan within the Asset Management Plan. Details will then be reported to Management Team and Policy Committee.

Service Reviews

As part of the service planning process, a number of fundamental service reviews are taking place. These include a golf course review, an IT review and various shared service investigations. The implications for capital assets and capital expenditure will be a key consideration in any review. For example, the IT review may require up front investment to rationalise the IT environment which will give a payback over subsequent years. The need to make resources available to finance this up front investment which can then be replenished by the savings generated in future years will be a possible future development to current spending and financing plans.

Use of Resources and Property Utilisation

The mechanism for identifying the need for assets is set out in the 'Asset Challenge Process' outlined in the Asset Management Plan. The Asset Management Plan includes an action to carry out the Asset Challenge Process for all major property assets by March 2009. This will result in one of the following statements for each major asset:

- Retain and maintain based on existing maintenance programme
- Retain and develop to improve financial and/or service delivery performance
- Retain but plan for disposal at some time in the future
- Dispose of asset immediately

Proposals will be assessed both in terms of commercial value and community benefits.

6.0. Planning and Prioritising Capital Investment

Consultation: The Corporate Plan and the Community Strategy continue to develop, reflecting the views and priorities of residents, business, partners and members of the Council. The Council consults using a wide variety of media, including its Letterbox magazine which is distributed to all households, the Community Forums, the Budget Consultation process and more targeted consultation with residents where proposals affect a particular area of the borough.

Project Vetting: The Council has a formalised project vetting process to manage the competing demands for resources. A Capital Project Appraisal form (see appendix 2) is completed for all new schemes/initiatives and submitted to the Deputy Chief Executive. These allow Service Heads to score proposed capital projects against corporate and service objectives, legislative requirements and service and financial benefits. The forms are summarised and presented to the Corporate Asset Management Group and then to Management Team for consideration. Further discussions follow with Committee Chairs before presenting a recommended Capital Programme to each Committee.

Role of Committees: The recommended capital programme is presented to each Committee in January each year. Proposals are presented alongside service development plans for the forthcoming year so that the relationship between capital investment and service benefits can be clearly seen. Each Committee is informed that their recommended capital programme may be subject to further review after all Committee submissions have been compared to the total capital resources available.

Role of Council: The Council brings together all the capital programmes proposed by Committees, compares these to capital resources available and approves a capital expenditure and funding programme. Council is responsible for ensuring that the proposed programme does not breach the objectives of the medium term financial strategy, the capital strategy, the treasury management strategy and the Council's prudential indicators.

Project Management: The Council has adopted an adjusted version of Prince2 project management to manage the implementation of significant projects. A number of templates are in place to deal with project planning, implementation and the management of risks.

7.0. Management and Monitoring of Capital Schemes

The implementation of capital schemes is largely dealt with by the Capital Projects Officer in the Client Services Department, the Senior Maintenance Officer in Housing and the Head of ICT Services (for IT developments). The Capital Projects Officer meets with Management Team on a monthly basis to report progress on capital schemes. The Senior Maintenance Officer reports regularly to the Head of Housing and the Head of ICT Services reports to the Deputy Chief Executive.

The Finance Section produces capital monitoring reports at each month end and these are presented to each meeting of the main Committees. Any variations to approved programmes are dealt with via delegated budget virement arrangements or, for larger variations, through reports to Committees.

8.0. Corporate Policies on Procurement

The latest Procurement Strategy was approved by Policy Committee in June 2006. This sets out the following vision for procurement activities:

'The Council wishes to achieve a high quality, professional and strategic approach to procurement, which contributes to the delivery of it's corporate objectives, meets best value and ensures all relevant procurement activities are informed, effective, efficient, fair, obtain value for money and customer focussed.

The Council will seek to adopt a strategic approach to procurement activities by streamlining processes for day to day procurement and releasing capacity to focus on areas of high expenditure and high risk.

The Council will follow robust procedures which are flexible enough to accommodate innovative and creative solutions where appropriate.

The Council also recognises the need to balance economic considerations with social and environmental considerations including sustainable development and the prudent use of natural resources. In doing so there will be areas of procurement where corporate priorities may be in competition with each other. The Council will take informed procurement decisions when comparing the price today with whole life costs of a product or service'.

The procurement function has been delegated to the Welland Procurement Unit who provide the Council with all necessary information to make 'value for money' procurement decisions. For example, the Procurement Unit advised on the tendering process for the older children's play area at Brocks Hill and will be advising on the acquisition of the new refuse vehicles detailed above.

9.0. Capital Strategy and Asset Management Plan Review

The Capital Strategy itself needs to be dynamic and capable of being revised and updated to react to changing corporate objectives, social and demographic changes, and financial influences. Consequently an annual review will be undertaken of both the Capital Strategy and the Asset Management Plan to ensure that they remain sympathetic to those corporate goals where capital investment and use of resources play a contributing role.

10.0. Summary of Capital Plans

5 Year Capital Programme (plus 2007/08 schemes)

Service	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000	£'000
Housing Rev. Account	850.00	800.00	800.00	800.00	800.00	800.00
Policy Committee	517.75	230.50	175.00	175.00	175.00	175.00
Services – Projects	467.50	356.00	692.00	387.00	397.00	207.00
Services – Grants	440.00	395.00	395.00	395.00	395.00	395.00
Total	2,275.25	1,781.50	2,062.00	1,757.00	1,767.00	1,577.00
Reduction in bids required to balance to estimated available resources, or value of expenditure to be financed by external grants.	0	0	(612.00)	(457.00)	(467.00)	(277.00)
Adjusted Total	2,275.25	1,781.50	1,450.00	1,300.00	1,300.00	1,300.00

South Wigston Regeneration Programme

	Details	Section 106 Allocation	Deadline for Expenditure
		£	
1.	Community Facility	400,000	23.12.2009
2.	Environmental Improvements	300,000	23.12.2014
3.	Pedestrian Access Works	15,000	23.12.2007 (achieved)
4.	Public Transport Improvements	300,000	23.12.2009
5.	Signage	5,000	23.12.2009
6.	Regeneration Projects	1,000,000	21.12.2014
7.	Star Track	160,000	23.12.2005 (achieved)
	Total	2,180,000	

SPENDING GUIDELINES FOR COMMUNITY FORUMS

1. The monies made available by the Council represent capital resources. All projects must therefore result in a long-term benefit to assets and/or infrastructure within the Borough of Oadby and Wigston. Day to day running costs cannot be supported.
2. All projects must be approved by Oadby & Wigston Borough Council's Policy & Resources Committee.
3. Projects must compliment the aims and objectives of Oadby & Wigston Borough Council. In particular they should aim to:
 - Recognise the Council's three key priorities of a good quality of life for all residents, a clean, green and safer environment and a successful economy
 - Secure the proper development of the borough and foster its improvement
 - Achieve regeneration opportunities
4. Projects that add value to the capital investment plans of Oadby & Wigston Borough Council will be given a high priority.
5. Projects that improve the property of Oadby & Wigston Borough Council will be given a high priority.
6. Projects should attempt to achieve maximum value from the capital resources available by leveraging-in external funding such that the capital spend represents a contribution to a larger capital project.
7. Where possible projects should be carried out in partnership with other organisations in order to ensure effective achievement of shared objectives.
8. A high priority will be given to schemes that meet health and safety or other legislative requirements.
9. A high priority will be given to schemes which focus on maintaining existing services and infrastructure where there is a continuing proven need.
10. Projects should meet user/stakeholder demands identified via consultation processes.
11. Schemes should be carried out in accordance with robust procurement processes in order to complete good quality projects at lowest cost.
12. Projects should avoid long-term running costs after completion and should attempt to generate additional revenue income wherever possible.
13. Timescales should be set for all projects and projects should be subject to detailed planning and monitoring arrangements to ensure completion in the financial year(s) for which funds are available.