



BATH & NORTH EAST SOMERSET

Capital Strategy

2006/07 – 2008/09

**Operational Version for Further
Development
31 March 2006**

CONTENTS

	Page
1. Executive Summary	4
2. Introduction and Context	
• Purpose of the Plan	5
• B&NES in context	6
3. Corporate Plan Priorities and Links to Other Strategies, Plans and Reviews	
• Priorities	8
• Overview of the Capital Programme	10
• Disposal Strategy	12
4. Framework for Planning, Managing and Evaluating the Capital Investment Programme	
• The Council's Approach to Funding Capital Investment	14
• Project Generation and Initiation	15
• Prioritisation	16
• Option Approval and Business Case	17
• Challenge	17
• Managing the Capital Programme	17
• Control Arrangements	17
• Performance Management	19
• Revenue Implications	19
• Procurement Strategy	20
• Efficiency and Value for Money	20
5. Partnership Working	22
6. Consultation	23
7. Risk Management	24

	Page
Appendices	
A. Education Capital Investment Plan	27
B. Resources Capital Investment Plan	30
C. Operations Capital Investment Plan	32
D. Social and Housing Capital Investment Plan	41
E. Corporate Services Capital Investment Plan	44
F. Major Projects Capital Investment Plan	47
Glossary of Terms	49

1. EXECUTIVE SUMMARY

- 1.1 The document sets out the three year plan for the use of Capital resources. It represents a strategic approach to the acquisition and use of capital resources linked to corporate priorities.
- 1.2 It explains the development and management of a capital programme of nearly £150m over 4 years (excluding the Combe Down Stone Mines project funded by English Partnerships).
- 1.3 The use of Capital resources is integrated with the Councils Corporate Service and Financial Planning to ensure that resources are used in the most efficient and effective way. The plan sits within the Sustainable Community Strategy and the Council's Corporate Plan.
- 1.4 The Plan has been developed in line with the financial resources available to fund it. The Council actively seeks additional resources but does so in a way which is sustainable and affordable.
- 1.5 Processes are currently being reviewed and a robust process has been developed for the generation and initiation of projects in order to ensure that projects being considered are priorities and that a robust business case is agreed before they go forward.
- 1.6 Once projects are approved the plan explains how the programme is monitored and managed and how any changes to the programme are controlled.
- 1.7 The Plan also sets out comprehensive arrangements for Risk management and governance and accountability. This forms a key element of the option appraisal for new schemes.
- 1.8 Programmes are set out in the plan for the next three years over the main programme areas of Education, Resources, Transport, Leisure and Amenity, Heritage, Social care, Housing and Corporate services.
- 1.9 The Plan is a developing one and will be reviewed early in the first year of the programme in the light of experience of the new processes.
- 1.10 As the Local Area Agreement develops the plan will be reviewed to reflect this agreement.

2. INTRODUCTION AND CONTEXT

Purpose of the Plan

- 2.1 This plan outlines Bath & North East Somerset Council's approach to capital investment over the next three years.
- 2.2 The plan includes the funds directly under the control of the Council as well as funds levered in from partners working locally, regionally or nationally.
- 2.3 The purpose of the plan is to set out:
- The key investment requirements to deliver the Council's corporate priorities.
 - How these resources are aligned against the priorities.
 - How capital investment is funded.
 - How the capital programme is managed and monitored.
 - The links between the strategy and our partners.
 - The links with other strategies and plans.
 - The management framework in relation to the strategy.
- 2.4 This plan is not simply about the resources that Bath & North East Somerset has control or direct influence over but also about using those resources to maximise the overall level of capital investment in the district from the public and private sectors.
- 2.5 The plan is an integral part of the Council's approach to Corporate, service and resource planning. As such there are some clear principles underlying the development of this plan:
- **Prioritisation** - All spending plans reviewed to ensure they are aligned with identified need, the Council's priorities and represent value for money.
 - **Maximising resources** -To limit new commitments to absolute essential items until significant additional capital resources are secured.
 - **Prudential borrowing** -Not to increase unsupported borrowing above 2006/7 levels and where possible to reduce it.
 - **Management of risk** - Where savings from the above measures are realised to increase the Council's contribution to reserves to mitigate risk of the programme
 - **Integration with Corporate, Service and Financial planning** – The cost of unsupported borrowing resulting from services need to be considered against service revenue budgets.
- 2.6 This plan will be refreshed and updated in the early part of 2006/7 to ensure it further informs service and resource planning for 2007-08 onwards. The plan will be reviewed annually and approved as part of the Council's corporate/service planning and budget process in February of each year.
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2. INTRODUCTION AND CONTEXT

B&NES in Context

The Local Area

- 2.7 Bath & North East Somerset runs from the outskirts of Bristol, south into the Mendips and east to the Southern Cotswolds and Wiltshire border.
- 2.8 Its 220 square miles, two thirds of which is green belt, combine great natural beauty with some of the most significant historical treasures found anywhere in Europe. It is also an area of great contrasts.
- 2.9 Approximately half the population lives in the City of Bath, the largest settlement and a major World Heritage site famed for its Georgian splendour and its Roman antiquities. But Bath & North East Somerset is also home to vibrant high technology and multi media business sectors. As the largest town in North East Somerset, Keynsham represents an important commercial and cultural centre, including a number of strategic industrial sites.
- 2.10 There are also important residential and commercial centres at Midsomer Norton and Radstock in the south. This area also boasts its own unique industrial heritage, being the site of the former Somerset coalfield.
- 2.11 The Council is responsible for serving the needs of this unique area's 170,000 population and, as a unitary authority, is charged with the delivery of all local authority services – from education to recycling, from planning to social services, from libraries to roads as well as maintaining and promoting

recycling, from planning to social services, from libraries to roads as well as maintaining and promoting the heritage of the area.

The National, regional and sub-regional context

- 2.12 The capital strategy is influenced by Bath & North East Somerset's position in the broader social economic and environmental context. The Council is developing its community leadership and partnership role in identifying local needs and aspirations. For example, the effect of high house prices and a low-wage economy on housing affordability, and the emerging issues around regeneration, in particular diversifying away from an over dependence on tourism and associated low paid jobs into a more highly skilled knowledge -based economy.
- 2.13 On a regional and sub-regional level the Council is working with the West of England partnership to tackle the related issues of transport infrastructure, housing and a sustainable economy. This will also be influenced by the current developments around the City Region and its potential impacts on the District.
- 2.14 The Council is developing long term visions for the regeneration and sustainable development of Bath, Keynsham and Norton

2. INTRODUCTION AND CONTEXT

Radstock through a Development Board which will require close partnership working with the public and private sectors.

- 2.15 The Council is also working closely with health services on the greater integration of services and to make sure we are able to meet the health and social care needs of an increasingly elderly population and the need for integrated Children's Services.

3. CORPORATE PLAN PRIORITIES AND LINKS TO OTHER STRATEGIES, PLANS AND REVIEWS

Priorities

- 3.1 The Council with its partners has a vision to:
 “Make Bath & North East Somerset a better place to live work and visit”,
- 3.2 This plan supports and delivers this vision and seeks to align capital resources to outcomes set out in the Council’s Corporate Plan and the Sustainable Community Strategy.
- 3.3 We are ambitious for Bath & North East Somerset. In 2003, we worked with our partners to agree our first ever [Community Strategy](#). This sets out our shared, long-term ambitions based on a clear understanding of the challenges facing the area - in particular affordable housing, transport and the local economy. Local people also challenged us to produce tangible improvements to make their neighbourhoods cleaner, safer and greener, promote pride in our communities and help make the area more sustainable and inclusive.
- 3.4 In October 2003, the Council agreed a [Corporate Plan](#) which set out the Council’s contribution to addressing the ambitions identified in the Community Strategy, in the context of emerging sub-regional issues and the local / national shared priorities. The Corporate Plan prioritised these overall ambitions against available resources, resulting in ten clear, specific and measurable Improvement Priorities.
- 3.5 We have made good progress in tackling our priorities and the broader ambitions in the Community Strategy, however there is still more to be done and to achieve this, it is vital that we understand then tackle the underlying causes that have led to our priorities and ambitions.
- 3.6 This plan is an ambitious one which sets out to address some of the local challenges around housing, transport and the development of a sustainable economy by diversification. Access to the significant level of capital investment necessary to achieve step change on long-term environmental, social and employment issues remains a major challenge. However focussing of resources through the Corporate Plan review has enabled the Council to direct additional revenue and capital funding into improvement priorities.
- 3.7 The following sets out how we will be doing this through this plan.
- 3.8 **Reducing the fear of crime –** Capital investment can make a significant difference to how people feel about the place in which they live, work or visit and in particular how safe they feel. Good design (including “Secured by Design”) and quality public realm in the Bath Western Riverside and Southgate Shopping centre developments will seek to minimise this issue. Equally investment in affordable housing in partnership with Housing Associations can make major improvements in this respect in local neighbourhoods and communities.

3. CORPORATE PLAN PRIORITIES AND LINKS TO OTHER STRATEGIES, PLANS AND REVIEWS

- 3.9 **Promoting the independence of older people** - The Council has a major programme of investment in three new Elderly Persons homes. These facilities are incorporating Community Resource Centres combining residential beds, extra care housing and day centres and position the capital investment as a major driver and delivery mechanism for the whole strategy for elderly people.
- 3.10 **Improving the Life Chances of disadvantaged teenagers** – It is crucial to the future life chances of all young people that there is a vibrant economy offering a range of employment, training and development opportunities. The Council is committed to working to make sure that the opportunities brought by such growth make the greatest impact in the district. The capital plan has a role here in linking this investment to local jobs and training and by encouraging greater diversity in the economy.
- 3.11 **Improving the Environment for Learning** – This plan includes some direct investment in school replacement and re-provision. The plan also sets out how existing schools will be improved with increased investment in repairs and maintenance. An active approach is being taken to make the best use of reducing surplus places to fund future priorities.
- 3.12 **Reducing Landfill** – The Council has very ambitious targets to reduce landfill by increasing the amount of recycling. This involves the provision of local facilities and the equipment to collect and process recyclables. This Capital Plan supports the waste strategy, although in future revisions the capital strategy will need to reflect the business case to implement the waste strategy.
- 3.13 **Facilitating an Increase in the Availability of Affordable Housing** – The Council has delivered an ambitious programme of affordable housing following the transfer of its stock to Somer Housing Trust in 1999. There is still a major shortage of affordable housing in the district and the Plan seeks to continue this investment utilising resources from the Regional Housing Body and by intelligent use of the planning system. The Bath Western Riverside project presents a major opportunity in this respect but there is need for targeted investment in the towns and villages.
- 3.14 **Improving the Quality of Public Transport, Roads and Pavements and Easing Congestion** – The West of England Local transport plan for 2006-11 has been submitted. This incorporates a package of measures designed to meet this priority. It is backed up by a programme of improvements targeted on improved road safety and the reduction of casualties. The development of the City Region and West of England vision will have an increasing influence on the resources available for this however in the mean time the Council is carrying out targeted measures to improve current conditions

3. CORPORATE PLAN PRIORITIES AND LINKS TO OTHER STRATEGIES, PLANS AND REVIEWS

3.15 **Developing a Sustainable Economy**

- The Plan works with the 10 year Economic Development Strategy and also includes programmes which will have a direct impact on the local economy. These include the Bath Spa, the Southgate Shopping centre and Bath Western Riverside. However we are also working to get other centres in the district sustainable with work going on in Keynsham, and Norton Radstock. The investment in this plan is aimed at maximising other public or private investment to ensure that whatever is delivered is something that can be sustained and will have a longer term positive impact on the local economy.

3.16 **Improving the Public realm -**

Alongside the major programmes of investment referred to in this plan which will have a major impact on the public realm the Council will be using the range of influences it has in the planning system to bring about improvements and good design. This will draw in private sector investment. The new Public Realm service will pull these resources together to ensure the Council gets the maximum value for the investment it makes.

3.17 **Improving Customer Satisfaction**

The plan includes customer service delivery improvements, including a contact centre and the infrastructure to support it.

Overview Approved Capital Programme

3.18 The aims of the Capital Strategy are to align our assets to corporate priorities and community expectations, thereby securing assets that are fit for purpose, efficient, economic and sustainable. Using the Council's assets to level and support the regeneration of communities in Bath and North East Somerset.

3.19 The Council's capital programme is formulated in the context of:

- An ambitious capital programme over a short period of time.
- Falling housing capital receipts.
- A relatively high level of planned unsupported borrowing compared to other unitary councils.
- The Council's Prudential Indicators.

3.20 The principles governing our approach to the capital programme have been:

- At a minimum, not to increase unsupported borrowing above its current levels in 2006/07 and if possible to reduce unsupported borrowing wherever possible although, given the Council's commitments, the scope for reducing unsupported borrowing on the current capital programme is limited.
- To limit new commitments to the absolute essential items until significant additional capital resources become available.

3. CORPORATE PLAN PRIORITIES AND LINKS TO OTHER STRATEGIES, PLANS AND REVIEWS

- Where net savings are reflected in the revenue budget through these measures, to increase the Council's contributions to reserves in order to maximise reserves over the heightened period of risk the Council is facing over the next 3 years.
 - Integrating the cost of unsupported borrowing within services' revenue budgets and financial plan targets.
 - Although the capital provision for certain activities is not provided for corporately this does not mean the activity will not continue if the relevant service can fund the revenue effects of the borrowing. This applies to WorkSMART, highways maintenance, Headroom and Income Generation/Sustainability.
- 3.21 In certain instances, the Council can achieve the same objective via different means, for example, affordable housing being achieved through development gain.
- 3.22 The Council's capital programme and funding are shown in Table 1.
- 3.23 The proposed programme assumes total capital payments and funding of £44.2m in 2006/07. Table 2 also shows the indicative capital programme and funding at summary level for 2007/08 and 2008/09. The Appendices to this strategy show the total capital programme for 2006/07 and indicative programmes for 2007/08 and 2008/09 in more detail.
- 3.24 The revenue budget for 2006/07 and the Financial Plan for 2007/08 and 2008/09 provide fully for the revenue consequences of the Council-supported expenditure. The level of unsupported borrowing required over the period is still very high, and will continue to put serious pressure on the revenue budget in future years.
- 3.25 If any receipts are forthcoming from the commercial estates review the use of these should be put to the Council in the context of balancing new demands for capital investment and further reducing unsupported borrowing.
- 3.26 Table 1 also demonstrates that as a result of the proposals a reduction in unsupported borrowing of £35m can be achieved to take unsupported borrowing from £65m to £30m while accommodating £3.7m of new priorities. However, this relies on the Council and Council Executive:
- Having the will to realise major capital receipts to achieve its ambitious programme subject to this always being consistent with best consideration.
 - Limiting future commitments unless significant additional receipts or other capital resources are achieved and even then that the use of such resources are balanced with reducing debt.

3. CORPORATE PLAN PRIORITIES AND LINKS TO OTHER STRATEGIES, PLANS AND REVIEWS

Disposal Strategy

- 3.27 The strategy is to optimise the Council's assets wherever possible following regular reviews and challenge of the portfolio. Assets surplus to requirements will be disposed of at the earliest opportunity and proceeds used as a corporate resource to fund the capital programme. Other assets may be retained for their strategic importance.
- 3.28 The disposal policy of the Council has been influenced by the funding needs of the capital programme, the extent of buoyancy in the property market locally, the need to stimulate private sector investment in certain parts of the district and the supply of assets for disposal.
- 3.29 The Council seeks to balance these sometime conflicting requirements so as to manage the tensions between the need to generate capital receipts, maximising the amount from each disposal by bringing assets to market at the most suitable time and retaining assets for their strategic importance.
- 3.30 Capital receipts from the sale of Council land and property has proved to be a significant source of capital funding in recent years. This capital strategy relies on a £49 million of asset sales.

APPENDIX 2 ANNEX 1

Table 1: Summary Capital Programme and Financing 2005/06-2008/09

Heading	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £000	Total £'000
Education	14,564	8,396	8,097	5,608	36,665
Social Services	6,551	16,022	4,734	100	27,407
Transport	6,536	6,312	6,312	5,012	24,172
Planned Maintenance, Disabled Access & Commercial Estate	2,885	2,029	1,690	1,690	8,294
Major Projects	13,238	788	2,346	2,409	18,781
All Other Schemes	3,560	1,556	1,493	525	7,134
Contingency	1,343	3,427	2,410	500	7,680
Housing	4,925	5,676	2,980	2,980	16,561
TOTAL SPEND	53,602	44,206	30,062	18,824	146,694
Government Supported Borrowing	11,886	7,984	8,182	7,862	35,914
Government Grant	7,922	4,569	5,498	2,738	20,727
Third Party Contributions	4,082	4,208	2,564	0	10,854
Council Unsupported Borrowing	8,386	14,705	4,468	-351	27,208
Council Unsupported Borrowing funded directly by service	0	1,285	1,285	485	3,055
Council – Accumulated Capital Receipts (including £1m RTB receipts)	21,120	11,355	8,065	8,090	48,630
Council - Revenue & Reserves	206	100	0	0	306
TOTAL FUNDING	53,602	44,206	30,062	18,824	146,694

Note: Excludes the Combe Down Stone Mines project funded by English Partnerships.

4. FRAMEWORK FOR PLANNING, MANAGING AND EVALUATING THE CAPITAL INVESTMENT PROGRAMME

The Council's Approach to Funding Capital Investment

4.1 The capital strategy has been developed in line with financial resources available to fund it. The main sources of funding are detailed below.

Borrowing

4.2 Supported borrowing approval (i.e. the Council receives Revenue Support Grant to pay most of the debt). Approvals are generally received as a Single Capital Pot. Supported borrowing is analysed to the relevant service area (Education, Highways and Social Services, Housing, etc).

4.3 The Council is free to utilise them for its own priorities. In practice, the Council passports these resources to the relevant services.

4.4 Additional supported borrowing granted during the year tends to be ring-fenced to particular projects or initiatives. This 3 year strategy envisages £39m of supported borrowing over the period.

Unsupported Borrowing

4.5 The introduction of the Prudential Code enables councils to undertake additional borrowing as long as it is affordable, prudent and sustainable. This borrowing is unsupported (i.e. there is no government grant to support borrowing costs) and can be used by the Council on any project it chooses.

4.12 In addition, schools receive delegated capital funding on an annual basis.

4.6 This 3 year strategy envisages £30.2m of unsupported borrowing over the period. The Council has agreed to limit any further unsupported borrowing.

Grants and Third Party Contributions

4.7 These are specific to schemes or services and are therefore allocated in accordance with the grant approval. The Council has obtained significant levels of external finance to fund capital schemes from a number of sources amounting to £31.6m over 4 years (excluding significant funding from English Partnership for the Combe Down Stone Mines).

4.8 The Council will continue to explore and embrace cost-effective opportunities for grants from external bodies.

Capital Receipts

4.9 The Council's capital receipts are generated from the disposal of fixed assets and are treated as a corporate resource (i.e. they are not earmarked to the service generating them).

4.10 This 3 year strategy envisages £48.6m of capital receipts.

Other Funding

4.11 The Council continues to identify and investigate new and alternative forms of funding and our approach is to identify funds to address capital investment priorities.

Capital Contingencies

- 4.13 The Council has approved that a capital contingency of around £17m would be prudent over the plan period. The plan currently allows for some £7m to be included in the capital programme over the period. In addition the major projects programme includes contingencies of £5m for general schemes and £34m for the Combe Down Stone Mines. The latter contingency is within English Partnerships funding for the scheme and as such is not a Council resource.
- 4.14 Overall, contingencies (Council and English Partnerships) amount to over £46m over the period.

Project Generation and Initiation

- 4.15 The Council is currently reviewing its capital planning, monitoring and evaluation processes to build on the strong project management arrangements built up over the past 18 months. All the detailed processes will be brought together in a comprehensive Project Management Handbook in 2006/07.
- 4.16 The diagram on page 18 shows the intended high level process for project initiation.
- 4.17 Proposals for capital projects will be generated through the Council's service and resource planning process. The Council's approach to service and resource planning has a strong emphasis on corporate improvement priorities contained in the Corporate Plan. Through this process capital programme proposals must have the strong support of the Strategic Director, Head of Service and the relevant Executive Member.
- 4.18 For each project idea, intending a capital spend in excess of a pre-determined amount, a proforma (Project Initiation Form) should be completed stating: what the idea is; whether it is in line with the corporate priorities; the anticipated cost; resource requirements, expected deliverables / outcomes and initial risks.
- 4.19 This form would be submitted to the Project Initiation and Development Group (PI & DG), members of which are to be determined, but who should be capable to take on an independent, challenging and corporate point of view. The group will evaluate the merit of the submission against corporate priorities whether the project needs to be rejected, developed up to a defined stage within defined parameters, or passed to the Capital Strategy and Asset Management Group (CS & AMG).
- 4.20 If the PI & DG determines that the proposal is a priority, it will be submitted to the Capital Strategy and Asset Management Group (CSAMG) for inclusion.
- 4.21 The CSAMG will analyse the resources.
- 4.22 The project promoter (with support from the relevant Executive Member) will be instructed to prepare a detailed business case, with funding for specialists if required.
- 4.23 The Project Initiation Group will then evaluate into robustness of the business case in terms of:

- Outcomes
 - Project management capacity
 - Total cost and phasing
 - Completeness of costs and capacity Timescales
- 4.24 The PI & DG will recommend to CS & AMG projects that are deliverable. In turn CS & AMG will recommend to Project Programme Board (PPB) a draft capital programme within available resources.
- 4.25 The Project Programme Board (PPB) will then assess the prioritised proposals against corporate priorities and recommend a capital programme to the Executive via the directors Group.
- 4.26 The process will need more development to:
- Avoid duplication with bidding processes and government departments.
 - Exclude projects that include the day to day management of functions in commercial estate.
 - Exclude planned maintenance which should be linked to Asset Management Plans, the balance of planned maintenance and new projects being recommended by CS&AMG to PPB and onwards to the Executive and full Council.
 - Include a full business case for large investment projects and a more light touch appraisal for smaller projects.

Prioritisation

- 4.27 The demand for capital resources to meet service needs and aspirations and the development needs of the area always exceeds the resources available to the Council.
- 4.28 It is therefore essential that the Council has a robust mechanism to assess schemes against key criteria to assist decision making when prioritising the use of capital resources.
- 4.29 The prioritisation exercise is done in two ways:
- For schemes funded from earmarked resources or supported borrowing the prioritisation takes place within a service area;
 - For schemes funded from corporate resources the prioritisation takes place both within and between service areas.
- 4.30 To assist in the prioritisation of schemes and inform decision making a scoring system will be introduced from 2007/08. This system is based around four key categories that together represent the added value of a capital scheme to the Council as follows:
- Contribution to Community Strategy actions and targets; and/or
 - Outcomes which contribute to improved Best Value Performance Indicators and the Corporate Plan priorities; and/or
 - Evidence of need as demonstrated by a range of factors including:

Meeting statutory obligations;
Reducing Health and Safety risks

- Levering in external funds to enable the Council to determine the funding package that maximises the Councils resources.

Option Appraisal and Business Case

4.31 An appraisal form must be completed for each proposed scheme including the following information:

- Objectives of the project.
- Contribution to Corporate Plan priorities and Corporate Improvement priorities.
- The outputs/outcomes of the proposal.
- The funding details including revenue consequences.

Challenge

4.32 The Council is currently developing processes for challenging and prioritising proposed capital schemes for priority through the Capital Strategy and Asset Management Group (CS & AMG) and deliverability through the Project Initiation and Development Group (PI & DG). This will involve a number of Corporate Directors, Heads of Service and Members.

4.33 The capital programme approval mechanism is a two-stage process involving the full Council, the Council Executive and the Project Programme Board/Directors' Group. The full Council approves the overall programme in February of each year based on the Council Executive's recommendation. Project Start Approval is granted by PI & DG prior to schemes commencing.

Managing the Capital Programme

4.34 The approval of schemes also takes place on an ongoing basis throughout the year as projected resources available or commitments against them change during the year due to:

- Slippage or acceleration or approved schemes;
- Additional earmarked resources becoming available; and/or
- Changes in levels of forecast corporate resources.

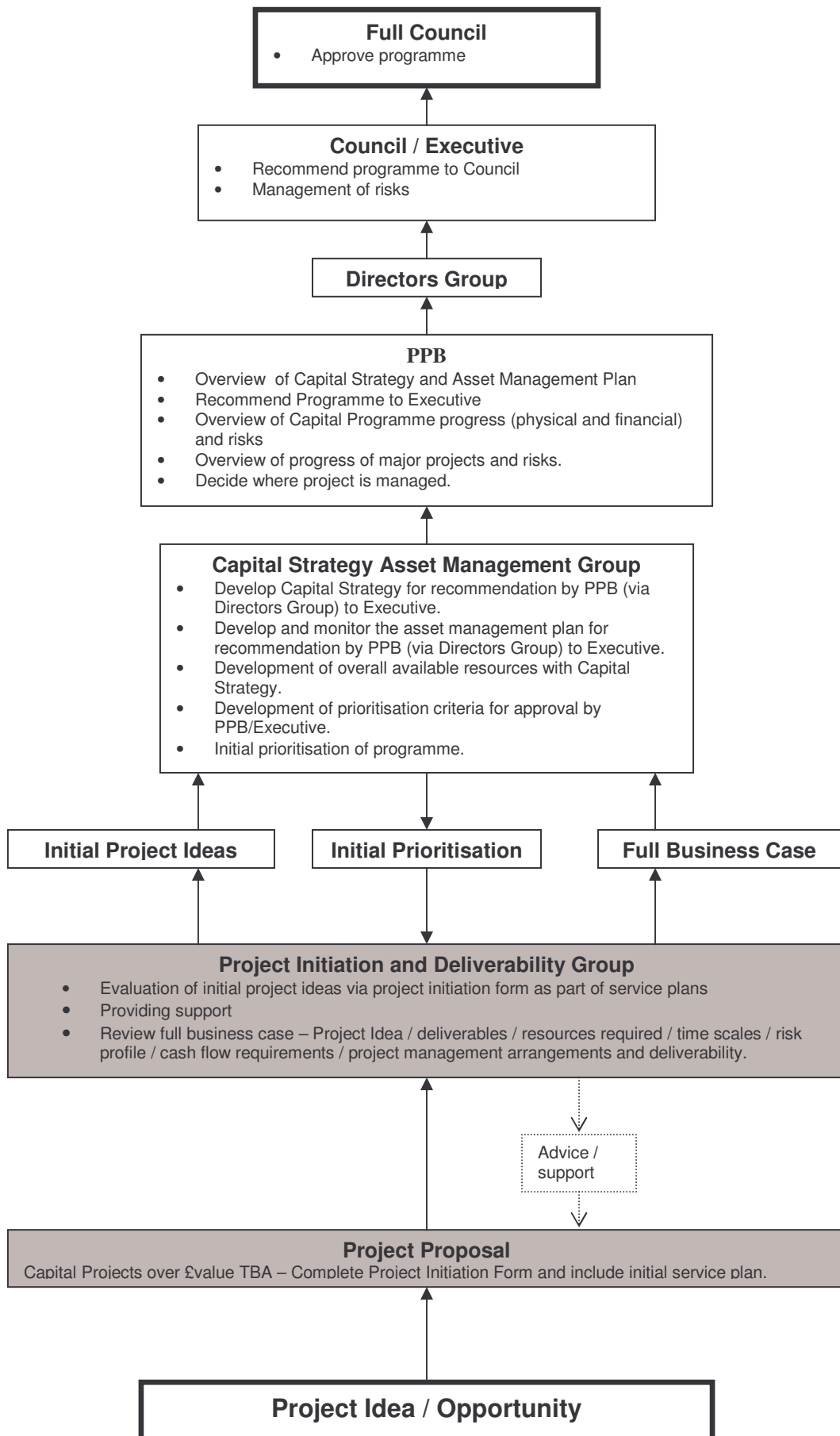
4.35 Monitoring arrangements are in place at the Council Executive, Project Programme Board and individual major Project Boards and also within services including their management teams and the relevant Executive Members.

Control Management

4.36 The Council's Financial Budget Management Scheme and Regulations have a specific section on the Capital Programme and establish the control framework for officers to follow. These can be found on the Corporate Information System.

4.37 Once a scheme has been included in the capital programme it is the responsibility of the relevant Head of Service to put in robust arrangements for the implementation and completion of the project in accordance with the proposed timescales, objectives and outcomes.

OVERVIEW OF THE COUNCIL'S CAPITAL PLANNING PROCESS



- 4.38 A number of post completion reviews will be reported to PPB on the actual achievements compared with those set out when approving the project. This will include financial information; performance against the capital programme and implications for revenue.
- 4.39 The process provides an opportunity to share good practice and learn from experience. Any areas of non-achievement are addressed in an action plan.

Performance Management

Corporate Performance Framework

- 4.40 Performance management across the Council and its services is delivered through a dedicated performance framework. This framework identifies a clear line of accountability from the objectives of the Corporate Plan through service and resource planning, through to team and individual performance appraisal.
- 4.41 Key performance milestones for corporate initiatives and service areas, including capital projects, are captured in the annual review of the corporate plan.

Performance Indicators

- 4.42 The Council will be developing Key Performance Indicators, for monitoring performance in respect of capital projects during 2006/07. Progress against these will be challenged on a quarterly basis through the PPB.
- 4.43 Wherever possible, performance in respect of time and costs will also be compared with other local authorities through benchmarking and/or compared to industry best practice.

- 4.44 In an environment where there is increasing pressure on resources to fund capital investment, it is essential that where resources are allocated to projects these must be based on thorough and accurate estimates. The introduction of the options appraisal methodology and construction best practice will assist in helping project managers/sponsors to consider all potential costs in advance of selecting a preferred option.

Outcomes

- 4.45 The outcomes of capital investment plans will be monitored on an ongoing basis through a combination of:
- Establishment of measurable outcome targets relating to the investment plans;
 - Quarterly monitoring of performance and spend at PPB;
 - Implementation of a post-completion review process in reflected projects.

Revenue Implications

- 4.46 The Council recognises that the whole-life revenue implications arising from capital projects can, in many instances, exceed the overall investment requirement of the project. The process for identifying, approving, and controlling the revenue implications of capital investment incorporates the following issues:
- The option appraisal process will require a cost/benefit appraisal to be undertaken and this includes identifying operating costs and income over the life of the project/asset.

- The revenue budget and Financial Plan is currently based on the principles of service cash limits and, in assessing new capital schemes, each Head of Service and Director must be sure that the revenue implications of all capital projects can be accommodated within its cash limit or if a bid for additional revenue funding is required.
 - The Council has a 3 year Financial Plan which includes the known revenue consequences arising from the Council's capital investment decisions.
- 4.47 One of the key features of the Prudential Code for capital finance is the affordability of capital schemes. This provides a clear link between the capital programme and the impact on Council Tax.
- 4.48 The budgetary plans for 2005/06 to 2006/07 incorporate the use of unsupported borrowing of £30.3m annual revenue cost of approximately £3m p.a.
- 4.49 Unsupported borrowing should be prioritised to:
- Pump-prime funding where future capital receipts will be achieved through asset disposal;
 - Deliver future revenue savings through more efficient assets;
 - Deliver increased service outputs from improved asset.
 - Leverage and support broader redevelopment and revitalisation of the area.

Procurement Strategy

- 4.50 The Council's capital spending on works, professional advice, plant, equipment and IT is procured externally.
- 4.51 The Council is committed to continuous improvement and its procurement strategy represents a clear approach to ensuring that these externally procured resources are selected, acquired and managed in a way that represents value and efficiency.
- 4.52 The partnering approach to procurement is being implemented on a number of civil engineering and building projects in order to improve performance.

Efficiency and Value for Money

- 4.53 The Council takes efficiency and value for money seriously and has achieved significant savings in recent years, while only spending more in services that are a higher priority and expects better than average performance.
- 4.54 In addition the Government requires Councils to achieve 2.5% per annum improvements in efficiency so that by 2007/08, efficiency gains equivalent to 7.5% of the 2004/05 baseline should be achieved. Efficiencies are required from capital investment as well as revenue expenditure.

- 4.55 Efficiencies from capital spend require careful consideration, since one-off projects do not enable year-on-year comparisons of costs and output. Nevertheless, capital spend can be undertaken at varying levels of efficiency (e.g. higher or lower levels of procurement costs, differing degrees of delay and varying impact on efficiency of operating processes)
- 4.56 The Council is currently looking at achieving efficiencies through capital schemes and assets in a number of ways including:
- Reviewing construction procurement arrangements.
 - Reviewing the asset portfolio and a major organisational change programme (WorkSMART) is currently underway.
 - Working jointly with Bristol City, North Somerset and South Gloucestershire Councils to develop its Local Transport Plan.
 - Developing framework agreements within Major Projects for project management and professional fees in order to provide continuity and value at a reduced cost.
 - Reviewing the long term options for the Council's Commercial Estate.
 - Improvements in energy management and water conservation.
 - Starting measuring and reducing time for procurement.
 - Starting to measure whether projects are “on time” and “on budget.”
 - Reducing capital slippage through better planning

5. PARTNERSHIP WORKING

- 5.1 This plan is underpinned by an increasing level of partnership working to deliver projects and to operate the Council's assets.
- 5.2 At the broadest level the Local Strategic partnership established in June 2002 draws together the Community Strategy which sets the framework for this plan. The development of the Local Area Agreement during 2006/7 will strengthen and advance partnership working in the district. With this will come an opportunity to further develop the links between the main priorities for the district with the resources (including capital) available.
- 5.3 In Capital Plan terms it will be important to link the Capital schemes to the LAA outcomes framework and ensure that the range of partners currently supplying funding are fully engaged. The LAA will also provide an opportunity to deepen and develop existing and new partnership arrangements.
- 5.4 Some existing examples of partnership working are as follows:
- Community Safety Action Groups - There are 12 in the area which work to attract additional investment in the area and help target in effective ways
 - Waste – Extensive partnership work including the “Rethink Rubbish” campaign, DEFRA, ECT limited and The Sofa Project. This work ensures that capital investment in facilities is complemented with awareness campaigns and a whole range of management initiatives to make the greatest impact.
 - Leisure Centres - the Council's leisure facilities are operated in partnership with Aquaterra who provide considerable capital investment in the facilities.
 - Working with the South West of England Regional Development Agency and developers to regenerate Bath and to provide affordable housing.
 - Working with developers on smaller sites to redevelop and revitalise the city via the Council's corporate and commercial estates.
 - Elderly Persons homes - This work is being carried out as a partnership of the Council, Somer Housing Trust, the Housing Corporation and the Primary Care Trust.

6. CONSULTATION

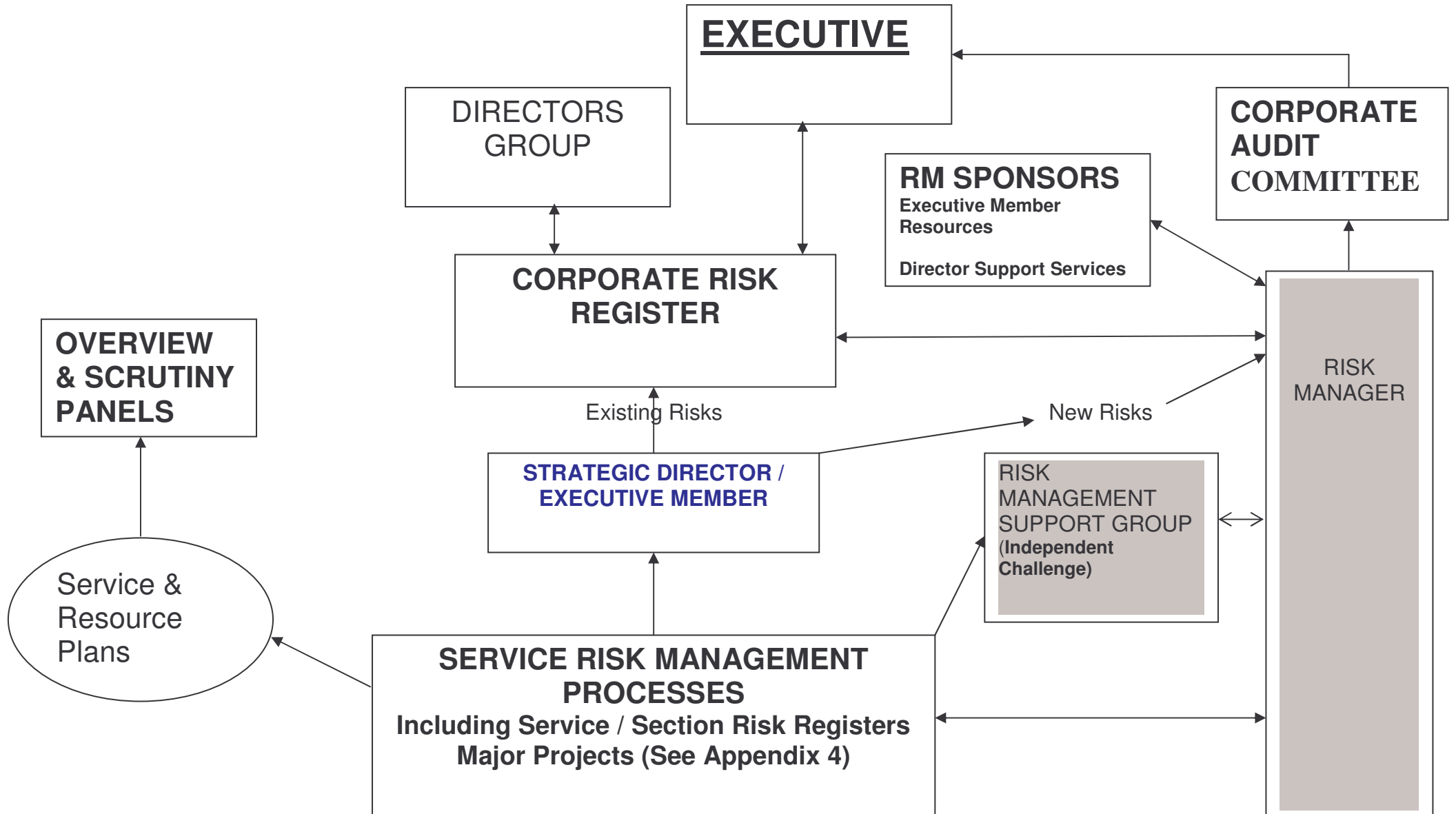
- 6.1 Consultation, in Bath & North East Somerset is a process by which the Council seeks the views of members of the general public including individuals and groups who will be affected by particular policies or decisions.
- 6.2 The Council's community consultation policy includes the following:
- The Council recognises the importance of gaining the views of stakeholders, through a range of formal and less formal means.
 - The Council is committed to effective consultation that is accessible to all sectors of the community, including those at risk of discrimination or disadvantage.
 - The Council will seek to ensure that all its consultations are conducted in a fair and open manner.
 - The Council will seek to ensure that people acting on its behalf follow best practice.
 - The Council will ensure that views given in consultation are taken into account when reaching its decisions
- 6.3 The Council has a specific approach to consultation which is focused at the service level, whereby consultation can be more tangible, meaningful and effective.
- 6.4 Underpinning this is a set of standards for each service to follow in terms of developing priorities and plans. This Plan has been put together through services consulting on the major issues and how these can best be delivered. Much of this work set new standards in particular the very detailed consultation with existing residents and families in the elderly person's homes and the ongoing consultation around the Bath Western Riverside. This is detailed in the specific service appendices.
- 6.5 The overall priorities of the Council were consulted on as part of the Council setting its first Corporate Plan.
- 6.6 Additionally as the Priorities for the Local Area Agreement are debated the potential resources available through the Capital plan will form part of that development.

7. RISK MANAGEMENT

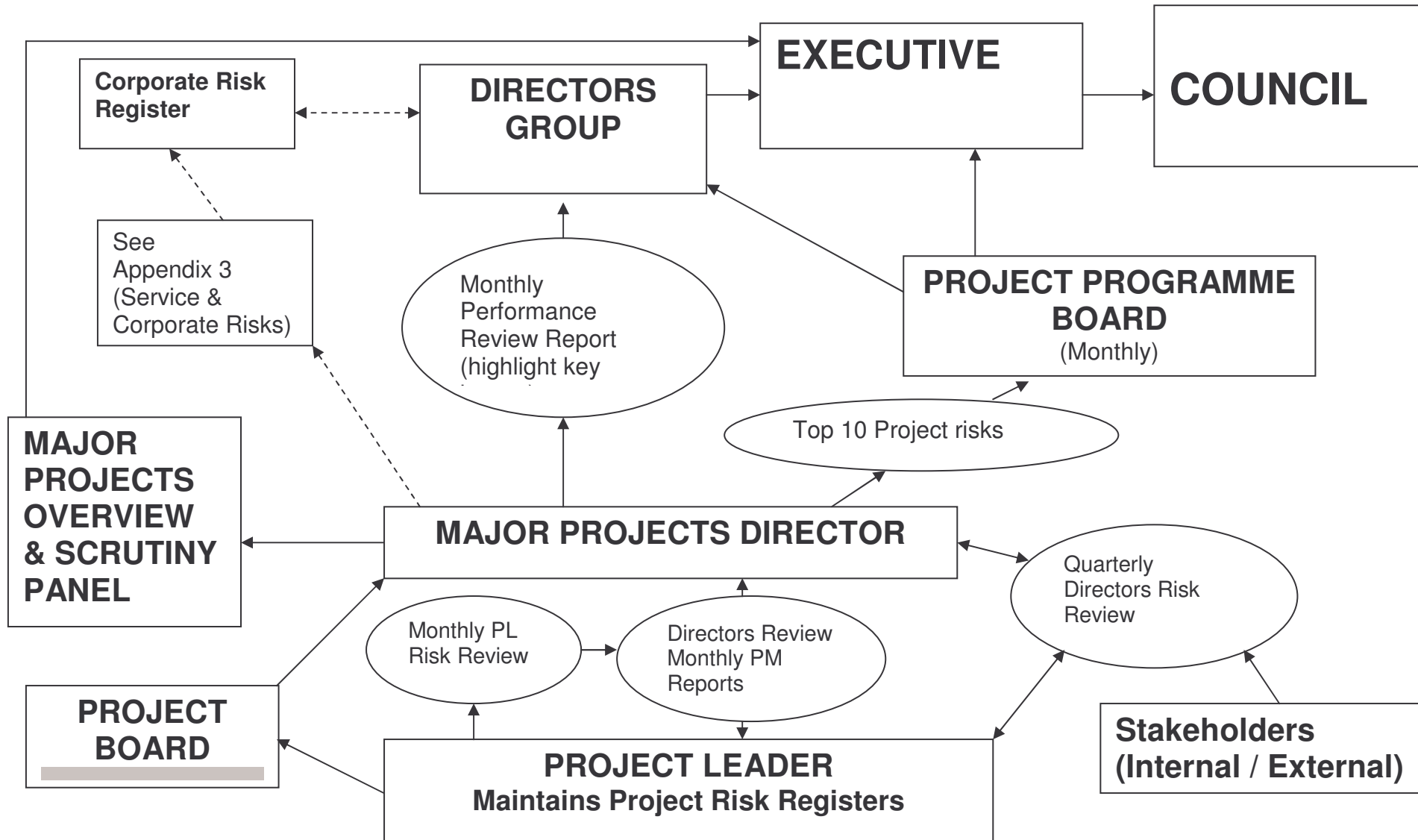
- 7.1 The Council has continued to make significant progress on building on its systematic approach to risk management, which will be integrated within the Performance Management Framework during 2006/07.
- 7.2 In developing and translating a plan of this nature into action, there are a number of uncertainties and risks. As part of this process each Director has carried out a robustness of estimates, review for both capital and revenue budgets and upon which revenue reserves and the capital contingency has been set.
- 7.3 The Council's arrangements aim align risk management clearly with accountability. The Council and its auditors recognise and agree that the current major risk areas are Major projects and related therefore to the Council's reputation. All major projects have project boards including Members that consider risk formally on a monthly basis. A Projects Programme Board, also including two Executive Members, considers the overall risks of all of the major projects which if necessary are reported to the Executive. Service Plans are also underpinned by risk registers which are considered by the relevant Executive Members. Reports to Overview and Scrutiny Panels, the Executive and Council have a risk management section.
- 7.4 The Council's Audit Committee has the role of taking an overview of the arrangements in place and how effective they are in operation.
- 7.5 The Council's detailed and thorough approach to risk management can be found in the Risk and Opportunity Strategy for the Council. The Council's risk management framework is illustrated on pages 24 and 25, together with the framework for Major Projects.
- 7.6 The risk assessments of project not only identifies the major risks involved but also the ways in which we are managing them. However, it should be recognised that such risks cannot be fully eliminated, and indeed some of them are outside the immediate control of the Council.
- 7.7 This overall strategic approach is supplemented by service area risk assessments, which are undertaken as part of the Council's service and resource planning.
- 7.8 A key element of the option appraisal process for all new schemes will be the consideration of the risks of both undertaking and not undertaking the scheme and the optimum way of managing the risks.

**B&NES COUNCIL RISK & OPPORTUNITY MANAGEMENT FRAMEWORK
SERVICE & CORPORATE RISKS**

**APPENDIX 2 ANNEX 1
APPENDIX 3**



**B&NES COUNCIL RISK & OPPORTUNITY MANAGEMENT FRAMEWORK
MAJOR PROJECT RISKS**



APPENDIX A

EDUCATION CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme - Education

	2006/07 £000	2007/08 £000	2008/9 £000
Investment			
Three Ways School (NB excludes 05/06 £2,349)	7,095	2,618	300
Answers (Keynsham School NB excludes 05/06 £188)	526	3,472	56
Fosse Way Phase 2	353	1,102	2650
Seed Challenge, and smaller scale capital works	1,480	720	
Planned Maintenance	600	600	Depends on 2.5 below
Access Works	299	299	
TOTAL PLANNED INVESTMENT	10,353	8,811	3,006
Forecast Funding			
DfES targeted capital grants	5,935	2,017	1,035
DfES formula funding	2,618	2,665	TBC
Schools Access Initiative	299	299	TBC
Prudential borrowing from school closures	1,480	720	
Council Capital	600	600	TBC
Capital receipts			4,875
TOTAL FORECAST FUNDING	10,932	6,301	5,910
FUNDING SHORTFALL	579	(2,510)	2,904

Notes

- Future Years funding depends on:
 - Comprehensive spending review in 2007
 - Primary Capital Strategy funding to be announced in 2007
 - Council funding for 2008/9.
- Income from sale of land connected to major projects can only be realised once building work has been completed. As a result there is a significant deficit in 2007/8 covered by income in 2008/9 (see 2.6)

APPENDIX A

EDUCATION CAPITAL INVESTMENT PLAN

Aims and Outcomes of the Programme

- To address the Council Priority “Improving the Environment for Learning”.
- To reduce outstanding Planned Maintenance work of over £20 million with £3 million of essential work required in the next 2 or 3 years.
- To remove temporary buildings (107 on 54 sites at December 2004).
- To improve poor quality school buildings impacting on the ability to deliver the curriculum and therefore impacting on standards eg science and technology.
- Remove surplus places.
- Improve access for disabled pupils

Investment Initiatives

- To complete current medium sized projects:-
 - › Whitchurch Primary – New 2 classroom block to replace temporary classrooms
 - › Combe Down Primary – Replace temporary classrooms with 6 classroom infant block
 - › Clutton Primary - 2 new classrooms
 - › Fosse Way Special– Phase 1 Entrance block and technology
 - › Westfield Primary – 6 classroom block and remove temporary classrooms

- To complete 3 major projects Three Ways Special School, New primary school for Keynsham and Fosse Way Special – Phase 2 re-modelling.
- To use all £600K of Council Capital funding in 2006/7 for Planned Maintenance and supplement this with contribution from school’s devolved capital and £450K from savings from school closures to achieve a total of £1.3 million.
- To use funds from school closures to fund seed challenge and smaller scale projects. e.g. School’s Forum have agreed to use savings from school closures for prudential borrowing (£1,480K in 2006/7). Continue Seed Challenge, additional planned maintenance and projects such as KSI Behaviour centre at St Swithin’s.
- To continue to seek all available DfES funds through e.g. Targeted Capital bids.
- e.g.2005 successful bid £4.2 million for Fosse Way Phase 2 development.
- Continue to address Asset Management Priorities by investing funds from sale of all surplus land,
- maximising the value of any land for sale by making appropriate investment in sites before sale. (e.g. to gain outline planning permission prior to disposal).

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

The major link is to the council priority to “Improve the Environment for Learning “

Provision of modern facilities for teaching and learning will have a positive impact on standards, behaviour and morale of pupils and staff and contribute to the five key outcomes of Every Child Matters

- Being Healthy
- Being Safe
- Enjoying and achieving
- Making a positive contribution
- Achieving economic well being

How the Outcomes of the Investment Programme will be measured

- Removal of temporary classrooms.
- Investment income achieved from sources outside the Council.
- Completion of major projects
- Percentage of science and technology classrooms refurbished and fit for 21st Century.
- Number of worst condition (D1 and D2) planned maintenance items completed.
- Reduction in number of surplus places
- Increase in number of accessible schools

Consultation at Service Level

The Schools' Asset Management Forum provides the key focus for consultation on proposals, involving service staff, headteachers and property services staff. Proposals from Asset Management Forum then go to School's Forum for discussion and decision making as appropriate. In addition, there are monthly meetings of Education Major Projects

Board for the overall Education capital programme and the four Major Projects

Constraints

The major constraint is the reduction in overall capital funding. In 2004 a three year strategy was developed by which it was proposed to “temper growth” in Education by 1% a year for 3 years and provide additional funding for capital. With the tight Council Budget, and the inability to “temper growth” through non-passporting in 2006/7, this strategy has not been carried through and capital available to Education has been reduced to £600K for 2006/7.

In addition, the annual Planned Maintenance budget (£668K in the last 3 years) to Property Services has been removed. With a backlog of £3 million of essential work, all Education capital of £600K in 2006/7 will be devoted to Planned Maintenance.

Major projects are also creating significant pressure on resources. The two new schools for Radstock (Trinity and St Nicholas) have been completed at a total cost of £7 million. Whilst DfES funding of £4.6 million was provided and there was a capital receipt from sale of existing school sites a balance of £1.4 million was a significant call on the capital programme.

The three current major projects (Three Ways Special School in Bath, New Primary School in Keynsham and Fosse Way Special School in Radstock) total £20.9 million. With £9.1 million in DfES funding, £4.9 million in income from sale of land this requires £6.4 million from DfES annual funding and the Education capital programme. The remainder being from Schools Devolved Capita

APPENDIX B

RESOURCES CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme - Resources

	2006/07 £000	2007/08 £000	2008/9 £000
<u>Investment</u>			
Property Services			
Planned maintenance	909	820	820
Risk Assessments & Disabled Access	500	500	500
Commercial Estate Development Fund	200	200	200
Land Registration Programme	35	35	35
Commercial Estate Options Review	250		
Property Development Work	135	135	135
Major Projects (Resources/Property)			
WorkSMART/Work from anywhere pilot	57		
Southgate	273	273	275
Finance			
Agresso Main System update		50	50
Revenues & Benefits			
EDRMS Solution		170	
TOTAL PLANNED INVESTMENT	2,359	2,182	2,015
Forecast Funding			
Approved capital programme / use of capital receipts	2,359	2,182	2,015
TOTAL FORECAST FUNDING	2,359	2,182	2,015
FUNDING SHORTFALL	0	0	0

APPENDIX B

RESOURCES CAPITAL INVESTMENT PLAN

Aims and Outcomes of the Programme

To support:

- The maintenance of the Council's corporate and commercial property assets, and provide for DDA access to them
- The review of options for the service delivery of the Council's Commercial property, including the generation of capital receipts
- The delivery of the project to update and improve the retail offer in the Southgate area of Bath
- The delivery of efficient use of the Council's office assets via the Worksmart initiative
- Continued improvements to the Council's financial systems
- Improvements to the Council's document management systems via improved use of technological solutions

Investment Initiatives

Investment in the Commercial Estate Options Review in particular could fundamentally improve the Council's ability to deliver other major capital projects

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

The Commercial Estate Options Review underpins the Council's strategy for major development in the Bath and wider area. The Worksmart and EDRMS initiatives

Council's policy to improve efficient working, whilst investment in DDA works will further improve access to Council services by all communities

Constraints

The key constraints are:

- Resources to maintain the Council's property.
- Market conditions within which to dispose of assets and/or lever development, including any "tariff" the Council develops.
- Cultural change to support the WorkSMART initiative.

.How the Outcomes of the Investment Programme will be measured

- Number of operational properties that are DDA compliant.
- The Commercial Estate Options Review is under continuous review by a dedicated project board.
- See also the Asset Management Plan for measures of the condition, sufficiency and suitability of the Council's property assets.
- Achievement of the WorkSMART project objectives, including a reduction in the use of office space.

Consultation at Service Level

Consultation with customers forms an integral part of the delivery of the building maintenance and DDA access programmes.

APPENDIX C

OPERATIONS (TRANSPORT) CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme - Transport

	2006/07 £1000	2007/08 £1000	2008/9 £1000
Investment Approved			
Local Transport Plan (* indicative only)	4762	4762(*)	4762(*)
Increased repairs to Carriageways	1050	1050	250
Pump Priming for Bath Package Major Bids	500	500	
Investment Subject to Business Case			
WindsorBridge Depot replacement Salt Barn Building Parking Handhelds	1000		
Replacement passenger buses and dial-a-ride provision	150 140 280	150	553
TOTAL PLANNED INVESTMENT	7882	6462	5564
Forecast Funding			
Government Grant (indicative in future years)	4762	4762	4762
Other council funding	500	1550	250
Prudential borrowing from revenue provisions	2620	150	553
TOTAL FORECAST FUNDING	7882	6462	5564
FUNDING SHORTFALL	0	0	0

APPENDIX C OPERATIONS (TRANSPORT) CAPITAL INVESTMENT PLAN

Aims and outcomes of the Programme

Transport investment is needed to secure improved service delivery and customer satisfaction in accordance with the Transport improvement priority in the Corporate Plan and the Transportation Service Plan. Development in the area, such as that promoted by the Bath Vision, is heavily reliant on the provision of improved transport infrastructure and services.

The programme aims to improve the congestion of our roads and footways, tackle congestion and improve quality, usage and public satisfaction with public transport. The additional objectives of supporting development, improving accessibility to services, reducing road casualties and improving air quality are all addressed by the programme.

Investment Initiatives

The Provisional Joint Local transport Plan (LTP) for the Greater Bristol sub-region was submitted to Government in July 2005 and has been assessed as being promising. Its aims and objectives are clearly stated and the role of transport in facilitating economic development and growth is identified.

A successful Joint local Transport Plan will ensure capital funding for transport for 2006-11. If the final plan achieves a rating of excellent this would be likely to result in an increase in funding of up to 12.5%

The Bath package major scheme bid, which will radically improve transport in Bath and support the Bath Vision will be submitted to Government as part of the LTP and could attract significant additional capital grant from central government. The bid is likely to be in the order of £54m and if successful could attract funding from 2008/9 on.

Additional contributions would be secured from major developments.

In the event of the bid being successful, the Council will be able to apply to the Department of Transport for support with the cost of the preparatory work. The Council would however be expected to fund early preparatory costs associated with preliminary designs, public consultation and statutory procedures.

The Greater Bristol sub-region has been awarded Transport Innovation Fund pump priming funding of £1.495m. The fund was established to support the development of transport schemes that feature demand management as part of efforts to tackle local congestion and public transport. The pump priming funding will be used to build on work previously undertaken by both Bristol and Bath and will focus on the identifying options and developing a sub-regional package scheme to cover the whole area.

How the outcome of the investment programme will be measured

It is expected that Corporate plan targets will show improved scores over time. Transport performance indicators are measured and monitored against targets established in the local transport plan. Outcomes will be measured by financial KPI's and by annual surveys which will inform customer satisfaction.

Consultation at Service level

Wide public consultation has been undertaken on the development of the Joint Local Transport Plan and the Bath Package Major Scheme, involving stakeholder workshops and public exhibitions. Consultation has also been carried out on the Transportation

& Highways Service Plan.

Constraints

The lease for Windsor House is due to terminate in March 2007 to allow for site development under the Western Riverside project. The Council's vehicle fleet is maintained from here as well as it being the centre for operation of the Passenger fleet. This has specially equipped vehicles to fulfil statutory Council transport requirements. Neither service has viable local options in the private sector.

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

This investment will help to achieve the Corporate Plan targets of an improved transport CPA assessment, improved customer satisfaction, and improvement

APPENDIX C

OPERATIONS (Leisure & Amenity) CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme – Leisure and Amenity

	2006/07 £1000	2007/08 £1000	2008/9 £1000
Investment - Approved			
Play Equipment	150	150	150
Investment Subject to Business Case			
Haycombe Crematorium Cremator Replacement	1000		
Midland Road Waste Facility Relocation	2600	6000	
Vehicle Replacements			
BEST			
Parks	71	22	0
Waste	81	320	39
	962	778	129
TOTAL PLANNED INVESTMENT	4864	7270	318
Forecast Funding			
Estimated Capital Receipt for Midland Road			6000
Other council funding	150	150	150
Prudential borrowing from revenue provisions	2114	1120	168
Increased Recycling Revenue Saving			2600
	2264	2670	8818
TOTAL FORECAST FUNDING			
FUNDING SHORTFALL	2600	6000	-8500

APPENDIX C

OPERATIONS (Leisure & Amenity) CAPITAL INVESTMENT PLAN

Aims and Outcomes of the Programme*Play Equipment*

- To contribute towards progress with the Council's play equipment replacement programme (£80K) in order to ensure that replacement of items is achieved in accordance with the planned programme on a priority basis. This is required to meet insurer's requirements and to manage the risk of injury and loss of reputation.
- To continue to support Parish Councils and other Community Organisations e.g. Village Hall Committees with grant aid towards the replacement of equipment that has reached the end of its safe life (£70K).

Priority for the above £150K will be allocated to those sites / items which are identified as meeting the quantity and distribution standards proposed in the draft Green Spaces Strategy.

Cremators:

- To invest in new cremators to replace existing life expired equipment. Replacement will include new filtration equipment to ensure compliance with existing and impending EU and UK legislation for emissions.
- The crematorium service provides a net contribution of approximate £200K p.a. (and a further £140K income from sales of "memorial" plots within Haycombe Cemetery) which offset the cost of the maintenance liabilities of the cemetery service elsewhere.

A full business case will be presented for approval where the revenue costs incurred in repaying the capital investment will be met through reduced lease charges (due to the surrender of the equipment replaced) and an increase in cremation charges (already implemented)

Waste Strategy

- To achieve landfill diversion and recycling targets detailed in the Council's Waste Strategy, by market testing waste services and implementing service developments. Relocating and improving waste management infrastructure to facilitate the delivery of the Bath Western Riverside Project and meet Waste Strategy Targets.

Investment Initiatives*Play Equipment*

- The possibility of sponsorship to offset costs of replacement and refurbishment of existing equipment is not proving attractive to sponsors.

The draft Green Spaces Strategy will propose a rationalisation of equipment and play areas so replacement will be focused on those areas most likely to be retained

Waste

- Service developments (eg. kitchen waste collection) to meet landfill diversion targets, and reduce the threat of fines under the Landfill Allowance

- Infrastructure-relocation of existing waste management facilities in central Bath and an improvement/expansion of public facilities at Keynsham and Norton Radstock.
- Development of a West of England Waste Management strategy and joint development plan document to facilitate the delivery of strategic treatment & disposal facilities within the sub-region.

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

Play Equipment

- Replacement of play equipment contributes to the Council's Improvement Priorities for the Public Realm, Customer Satisfaction and Life chances for Disadvantaged Teenagers

Crematorium

- Provides an essential service to the residents of B&NES and contributes toward customer satisfaction.

All service areas

- Replacement of life expired vehicles in order to maintain/improve customer satisfaction

Waste

- Corporate Improvement Priority – Reducing Waste to landfill
- The Council's Waste Strategy sets out recycling targets to be achieved and an action plan to meet these targets.
- The Best Value Review of Waste Services details a market test to be carried out in 2006.

How the Outcomes of the Investment Programme will be measured

Play Equipment

- Progress against planned equipment replacement programme.

Crematorium

- Reduction in contraventions of emission targets, continuation of business unit, achievement of financial and satisfaction targets – KPIs

Waste

- Achievement of waste strategy targets
- Avoidance of Landfill Allowance Trading Scheme fines
- Continuous improvement in service delivery

Consultation at Service Level

Play Equipment

- Consultation with portfolio holder on priorities for B&NES equipment and with Parishes re non B&NES equipment. Local consultation (with young people, children, parents etc) is carried out prior to any replacement
- Waste strategy project board, Councillors, Residents, partners, Overview & Scrutiny
- Detailed public consultation on infrastructure and sub-regional waste strategy

Constraints

Play Equipment

- The capital funding received for replacement of Council owned equipment is insufficient to fully complete the annual replacement programme. A contribution of £60K p.a. is made from the parks revenue budget and this is supplemented by the £80K capital, leaving the annual expenditure approx. £100K p.a. short of what is required to meet the planned replacement programme

Waste

- Legislative changes – impending review of national waste strategy and Landfill Allowance Trading Scheme
- Planning constraints for infrastructure
- Capacity constraints of existing infrastructure
- Market interest & subsequent tenders of Waste Services.

APPENDIX C

OPERATIONS (Heritage Services) CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme – Heritage Services

	2006/07 £000	2007/08 £000	2008/9 £000
Investment			
Roman Baths Development Plan		847	1,154
Subject to approval of the investment strategy within the Heritage Services 5 Year Business Plan (2006 – 11) by:			
<ol style="list-style-type: none"> 1. Heritage Advisory Board 2. Executive Members for TLC and Resources 3. Director of Resources 4. Chief Executive 			
TOTAL PLANNED INVESTMENT		847	1,154
Forecast Funding			
Borrowing, agreed by 2006 Budget Council (subject to agreement as above).		847	1,154
Costs of borrowing to be funded via Heritage Services profits, as detailed in the Heritage Services 5 Year Business Plan (2006 – 11)			
TOTAL FORECAST FUNDING		847	1,154
FUNDING SHORTFALL		0	0

APPENDIX C**OPERATIONS (Heritage Services) CAPITAL INVESTMENT PLAN**

Aims and Outcomes of the Programme

To sustain and grow annual profit from the attraction, as outlined in the Heritage Services 5 Year Business Plan (2006 – 11), principally by improving visitor perceptions of the “value for money” of their visit.

Investment Initiatives

Improvements to displays, infrastructure and the fabric of the building, as detailed in the Heritage Services 5 Year Business Plan (2006 – 11).

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

Maintenance and development of the Roman Baths is fundamental to the tourism product and underpins the Cultural Strategy for the area and Vision for Bath.

How the Outcomes of the Investment Programme will be measured

The Heritage Services 5 Year Business Plan is reviewed, revised and agreed annually. Benchmarking with other leading visitor attractions is undertaken regularly, and the Roman Baths’ continued high level of profitability (consistently top quartile) will be compared with the industry “norm”.

Relative visitor perceptions of value for money will also be compared with competitors in the same way in order to ensure that prices and product are aligned.

Consultation at Service Level

Full consultation on the project has been carried out via the Heritage Services 5 Year Business Plan (2006 – 11), including consideration by the Heritage Advisory Board. The Board contains both in house expertise (officers and the Executive Members for TLC and Resources) and external experts in the field of finance; heritage and museums and business.

Constraints

VAT – partial exemption. The position is reviewed regularly by the Authority’s VAT accountant.

APPENDIX D

SOCIAL AND HOUSING SERVICES CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme – Social and Housing Services

	2006/07 £000k	2007/08 £000k	2008/9 £000k	Future Years £000k
Investment				
Social Services Base Programme	100	100	100	100
Community Resource Centres (EPH) Reprovision Programme	15,922	6,100	0	0
Housing Programme	5,676	2,980	2,980	2,980
TOTAL PLANNED INVESTMENT	21,698	9,180	3,080	3,080
Forecast Funding				
Social Services BCA	100	100	100	100
Housing BCA	944	900	900	900
Housing Disabled Facilities Grant	330	330	330	330
Housing Council Contribution	1,750	1,750	1,750	1,750
<u>CRC centre</u>				
Mental Health Grant	93	91	0	0
RSL Contribution (Including Housing Corporation)	3,295	3,921	0	0
Capital Receipts	0	1470	3,075	0
Social Housing Grant	903			
Council Contribution	11,631	618	(3,075)	0
TOTAL FORECAST FUNDING	21,698	9,180	3,080	3,080
FUNDING SHORTFALL	0	0	0	0

APPENDIX D

SOCIAL AND HOUSING SERVICES CAPITAL INVESTMENT PLAN

Aims and Outcomes of the Programme

The Community Resource Centre (CRC) Reprovision Programme is a Council major project. This is the replacement of the Council's EPH's with new resource centres based in Bath, Keynsham and MSN. The resource centres will provide Residential, Day Care, Extra Care, Sheltered Housing and Nursing Care.

The Social Services base programme supports minor capital schemes.

The Housing Capital plan supports three principal strategic housing outcomes. Firstly, it supports the delivery of new affordable housing. Secondly, it funds essential adaptations through mandatory disabled facilities grants. Finally, it funds essential works of repair and improvements to the homes of the elderly, disabled and otherwise vulnerable. This can include improving home security, providing hot water, repairing dangerous electrical installations etc.

Investment Initiatives

The Housing Capital plan supports a range of investment initiatives. The affordable housing initiatives are site focused initiatives, including the large strategic sites of Bath Western Riverside and Southgate. More detail about the other non-affordable housing initiatives can be found in the Housing Renewal Policy.

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

The Housing Capital Plan supports the following corporate improvement priorities:

- Increase Availability of Affordable Housing
- Promoting the Independence of Older People
- Reducing the Fear of Crime
- Improving the environment for learning
- Develop a sustainable economy for Bath and North East Somerset

How the Outcomes of the Investment Programme will be measured

There is an extensive and detailed and outcome monitoring process to ensure that capital is effectively and appropriately spent. This includes a range of performance and value for money indicators.

Consultation at Service Level

The CRC Programme has been as a result of extensive and ongoing consultation with residents, Carers, Staff and partner agencies.

The Housing Renewal Programme is revised and updated annually. During this process Housing Services consults with both our internal and external partners

APPENDIX D

SOCIAL AND HOUSING SERVICES CAPITAL INVESTMENT PLAN

including Social services and Care & Repair in Bath & North East Somerset. In addition we seek the views and comments of the wider community, through a web-based feedback.

Constraints

The overall Social Housing Programme will be dependent on Housing Services ability to recruit to vacant housing posts and secure any additional Housing Corporation or ODPM funding during the period.

APPENDIX E

CORPORATE SERVICES CAPITAL INVESTMENT PLAN

Summary Capital Investment Programme – Corporate Services

	2006/07 £000	2007/08 £000	2008/9 £000	Future Years £000
<u>Investment</u>				
Customer Services (Customer Access)	50	50	50	
Norton Radstock Regeneration Project	61			
TOTAL PLANNED INVESTMENT	111	50	50	
Forecast Funding	111	50	50	
Approved capital programme				
TOTAL FORECAST FUNDING	111	50	50	
FUNDING SHORTFALL		0	0	0

APPENDIX E

CORPORATE SERVICES CAPITAL INVESTMENT PLAN

Aims and Outcomes of the Programme

To support the development of the programme to improve access to services by the Council's customers. To support the Norton Radstock Regeneration Project (NRR).

Investment Initiatives

Investment in CRM software (Customer Access Programme)

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

The Customer Access Programme forms a significant part of the Council's initiative to improve access to its services to all sectors of its local community. NRR contributes to the development of sustainable economic activity in the North East Somerset area.

How the Outcomes of the Investment Programme will be measured

The Customer Access Programme / Contact Centre Project Board examine the performance of the programme each month. The programme is reviewed regularly (at least half yearly) by the Executive.

NRR is managed by a project board, which reviews performance.

Consultation at Service Level

Consultation with customers forms an integral part of the Customer Access Programme. NRR is driven by a board focussed upon achieving its service objectives.

Constraints

The Customer Access Programme is constrained by the speed with which services are absorbed within the programme. This depends upon the successful engagement of services within the Council.

APPENDIX F

MAJOR PROJECTS CAPITAL

Summary Capital Investment Programme – Major Projects

	2006/07	2007/08	2008/09	Future Years	
	£'000	£'000	£'000	£'000	
Capital proposal net of 3rd party funding					
Construction Projects					
CDSM	200	250	250	4,894	
Spa	(3,321)	0	0	0	
Bath Spring Water Strategy	75	77	80	82	
Developments					
BWR	1,099	0	0	0	
Developments	775	0	0	0	Note 2
Regional Spatial Strategy Master Planning	0	0	0	0	Note 2
Other					
Spa Claims	0	0	0	0	Note 1
Major Projects Management	1,960	2,019	2,079	2,142	
Total	788	2,346	2,409	7,118	
Approved capital funding	788	2,346	2,409	7,118	
Funding shortfall	0	0	0	0	

Note 1: This was subject to a separate application for funds made on 30 March 06

Note 2: Funding proposals for these projects to be reviewed again should additional funds become available

APPENDIX F

MAJOR PROJECTS CAPITAL

Aims and Outcomes of the Programme

To control and monitor the consolidated capital programme of major construction and development projects, currently including:

- Bath Spa: opening in spring 2006.
- Combe Down Stone Mines (CDSM): stabilisation by April 2009.
- Bath Western Riverside: enabling its development.
- B&NES: developing a wider vision and development strategy for all B&NES, in line with the Regional Spatial Strategy, and to co-ordinate development activities with others in the Council for B&NES benefit.
- Project manage the construction of the Schools (Three Ways, Answers & Fosse Way in Education Investment Plan) and EPHs (in Social and Housing Services Investment Plan).

Investment Initiatives

In addition to the outcomes above we will rollout the Project Management Handbook to increase control over capital programme for the whole Council.

To expand the monitoring and control of the Council's major projects to all projects over £500k.

Links to Corporate Plan Service-Related Strategies/Plans/Reviews

All projects contribute towards B&NES being a better place to live, work and visit:

- Spa – for residents and visitors and developing the local economy
- Schools – for the young B&NES community
- EPHs – for the elderly B&NES community
- BWR – housing, of which approx 30% is affordable
- CDSM focuses on the safety of our residents.

The expansion of capital monitoring will improve the overall financial control of the Council's capital programme.

APPENDIX F

MAJOR PROJECTS CAPITAL

How the Outcomes of the Investment Programme will be measured

Spa completed within budget by April 2006.

Crest start on BWR site by March 2007, 800 new homes delivered by 2011. (Approx 3,000 homes delivered over the life of the scheme, including 30% affordable).

Completion of B&NES development strategy by December 2006.

CDSM completed, stabilised and within budget by April 2009.

Consultation at Service Level

All projects have a project board which has cross council membership, with officers and members. BWR and B&NES boards have the broadest membership.

Due process is followed for any statutory consultation.

Vision for Bath presentation to B&NES initiative / LSP / interest groups / Government agencies.

Constraints

The development of B&NES vision and strategy is constrained by the level of funding and resource available from the Council.

However there is likely to be external pressure from EP and SWRDA for the Council to demonstrate that it supports, embraces and is committed to the Regional Spatial Strategy which is tied to ODPM's overall national development plan. Peer pressure may also come from our neighbouring authorities.

The viabilities of BWR and B&NES developments are currently uncertain and are being developed.



GLOSSARY OF TERMS

Asset Management Plans (AMPs)

A plan maintained of the condition, sufficiency and suitability of the Council's buildings. It is updated regularly and used to prioritise future capital programme.

Best Value

The duty which local authorities owe to their stakeholders to provide relevant, cost effective services.

Building Schools for the Future (BSF)

Building schools of the Future is a new initiative whereby the Government have promised to pump over £2 billion per annum into school buildings over the next 15-20 years. The investment principally comes through joint venture arrangements using Local Education Partnerships and PFI-type arrangements.

Capital Investment

Expenditure on the acquisition of fixed assets, or expenditure that enhances or adds to the life or value of an existing fixed asset e.g. land and buildings. Capital investment may also include vehicles, plant and IT systems.

Capital Programme

The Council's plan of capital works spending and income for future years, including details on the funding of the programme. Included are the purchase of land and buildings, the system of annual public expenditure surveys. Each CSR covers a three year period. The next one is in 2007.

cost of new buildings, major maintenance, fees and the acquisition of vehicles and major items of equipment.

Capital Receipts

Income from the sale of a fixed asset. Capital receipts can only be used to finance other capital expenditure or repay outstanding debt on assets financed from loan.

Capital Contingency

An amount advised by the Council's Chief financial officer (the Strategic Director – Support Services) to provide for risks in the capital programme.

Capital Strategy

A strategy to provide strategic guidance about the direction of the Council's capital investment processes and policies.

Community Strategy

The Community Strategy identifies priorities for action and acts as a framework for other public service planning. It influences the delivery of a wide range of services such as housing, education, transport, crime prevention, economic development, culture and leisure.

Comprehensive Spending Review (CSR)

The public expenditure planning process introduced by the Government in 1997 to replace the

Fixed Assets

Tangible assets that yield benefits to the Council for a period of more than one year, e.g. land, buildings, roads, vehicles, plant and IT systems.

Local Public Service Agreement (LPSA)

The Government has set some national targets covering a range of services termed the Public Service Agreement (PSA). These are negotiated into local PSAs, which aim within three years to exceed a selection of the targets set in the national framework with an additional grant being provided if successful.

Local Area Agreements (LAA)

These are a further development of local PSAs between the Government and all partners within an area, including health, business, police and the voluntary sector. The agreements aim to set challenging targets for key priorities for the local area. The Council is currently starting the development of an LAA with its partners.

Local Transport Plan (LTP)

A rolling five year plan of local transport strategies for achieving an integrated transport system to tackle the problems of congestion and pollution. The Council produces a joint LTP with Bristol City, North Somerset and South Gloucestershire Councils.

Match Funding

In some instances Government, regional and other third party funding requires the Council to match the funding given, in whole or in part.

Private Finance Initiative (PFI)

A long term contractual public private partnership under which the private sector takes on the funding, operation and risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance

Procurement

The purchase of works goods and services. The Council is developing a strategy to assist with the definition of quality standards and securing provision of the best possible services for a given price.

Pump Priming

The process of assisting with the set up costs of projects which may bring long term service delivery improvements and cost savings.

Ring Fenced Funding

Funding that is for specific projects and therefore cannot be allocated to other general projects.

Service Plans

Part of the business planning processes for services ensuring that their objectives meet the overall aims and objectives of the Council, and targets are set for improvements in service delivery.

Single Capital Pot (SCP)

Allocation from central government to support Local Authorities' capital schemes. The allocations are in the form of approval to borrow, the cost of borrowing being supported by Government grant (see Supported Capital Borrowing below).

Specific Reserves

Amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Supported Borrowing

These are borrowing allocations from the Government under the new Prudential Code. These allocations enable services to borrow to fund capital schemes and the Council receives revenue funding to pay for the borrowing costs.

Unsupported Borrowing

Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so services need to ensure they can fund the repayment costs. This borrowing is also called Prudential Borrowing. The Council also considers such borrowing to trigger redevelopment of areas and to lever other funding.

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.