

# Capital Strategy Report 2023/24

### Introduction

This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance stakeholders' understanding of these sometimes technical areas.

As well as detailing the approved capital programme, the document also sets out the Council's ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Community Plan;
- An investment programme expressed over the medium to long term;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions, borrowing etc), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former; and
- A direct relationship with the Treasury Management Strategy, and the limitations on activity through the treasury management Prudential Indicators.

This document is intended for the use by all stakeholders to show how the Council makes decisions on capital investment:

- for Cabinet and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;
- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management;
- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;
- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets; and
- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

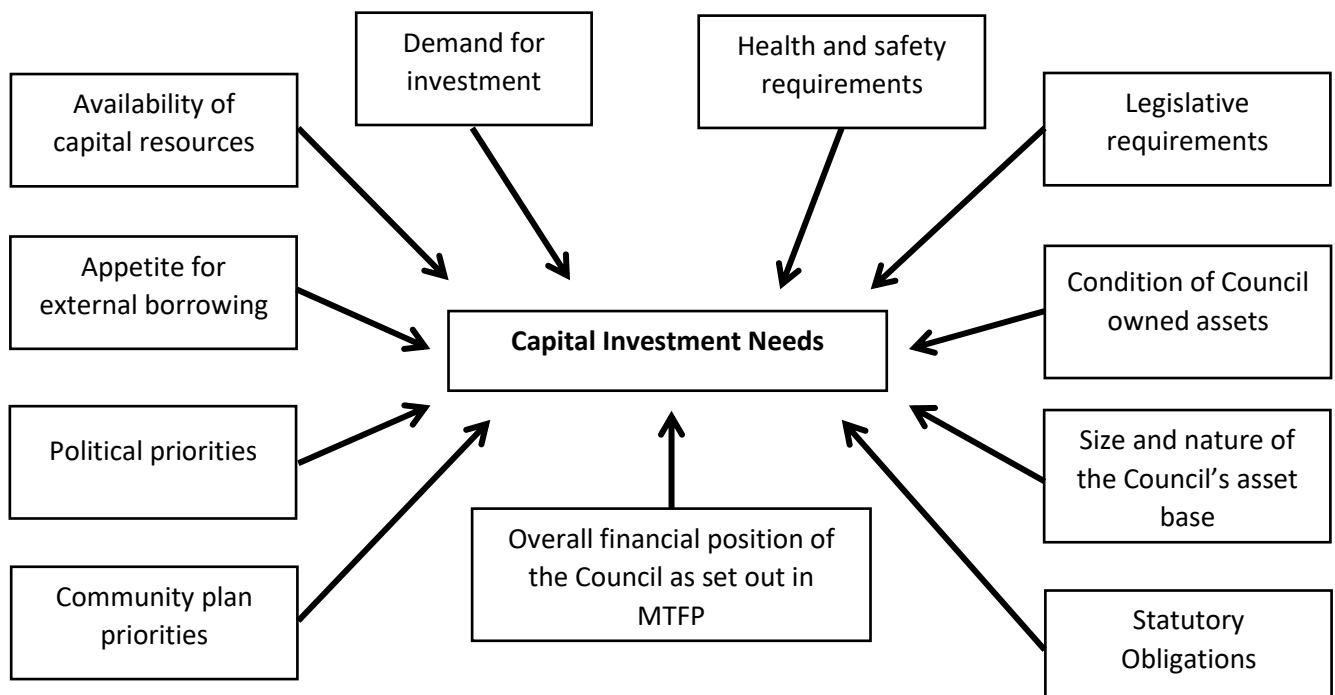
## CAPITAL INVESTMENT PRIORITIES

The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Community Plan 2020-2023 sets out the Vision for Newark and Sherwood. This Vision is intended to be external facing and clearly indicates the Council's ambition for the district and the people within it.

Underpinning the Council's contribution to the Community Plan vision are seven Corporate Objectives. These are:

- *Create vibrant and self-sufficient local communities where residents look out for each other and actively contribute to their local area;*
- *Deliver inclusive and sustainable economic growth;*
- *Create more and better quality homes through our roles as landlord, developer and planning authority;*
- *Continue to maintain the high standard of cleanliness and appearance of the local environment;*
- *Enhance and protect the district's natural environment;*
- *Reduce crime and anti-social behaviour and increase feelings of safety in our communities;*
- *Improve the health and wellbeing of local residents.*

Capital investment should be directly linked to the objectives as outlined in the Community Plan. There are however a number of other factors that affect the need for capital investment both internal and external. The diagram below identifies a number of these:



## **Capital Expenditure and Financing**

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £15,000 are not capitalised and are charged to revenue in year in accordance with its de minimus limits as set out in the Financial Regulations.

- For details of the Council's policy on capitalisation, see: Accounting Policy 1.17 under note 1 of the Councils Statement of Accounts.

In 2023/24, the Council is planning capital expenditure of £81.7m as summarised below:

### *Prudential Indicator 9: Estimates of Capital Expenditure in £'000*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
General Fund services	8,298	39,509	55,483	3,866	2,622
Council housing (HRA)	12,018	24,535	17,545	13,975	6,846
Capital Loan (GF)	761	2,000	8,647	0	0
<b>TOTAL</b>	<b>21,077</b>	<b>66,044</b>	<b>81,675</b>	<b>17,841</b>	<b>9,468</b>

The General Fund Capital Programme with a proposed budget for 2023/24 of £64.1m. Of this amount, expenditure on the Council's General Fund assets totals £18.3m, and £0.8m will provide Disabled Facilities Grants to a number of private dwellings during the year. Also during 2023/24 the Council also plans to make available £8.6m of capital funding in the form of capital loans to the Councils housing development company for regeneration purposes.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and has a proposed budget for 2023/24 of £17.5m, which supports the maintenance of the Councils circa 5,500 council houses.

**Governance:** During early July a 'Capital Bid Request Form' is sent to all Business Managers and Directors. Each bid is required to include details of the nature of the scheme and how it meets the priorities within the Community Plan. It must also include detailed costs for expenditure and all financing costs (which can be nil if the project is fully externally financed) in order to assess the viability of each scheme against the available resources. All bids are required to be authorised by the relevant director and then collated by the Capital Finance team.

The Senior Leadership Team appraises all bids based on a comparison of service priorities against financing costs. Criteria can be found at **Appendix E**. Based on this assessment a final Capital Programme report is prepared for submission to Cabinet in February before final approval by Council in March.

- Full details of the 'Capital Bid Request Form' and the prioritisation criteria can be found at **Appendix E**.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Prudential Indicator 9: Capital financing in £'000*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<u>External sources</u>					
Capital Grants	5,668	23,059	24,193	1,000	860
Other Contributions	567	527	8,548	225	0
<u>Own resources</u>					
Capital Receipts	3,146	4,389	3,062	1,781	1,712
Revenue/ Major Repairs Reserve	5,288	19,601	15,634	8,361	6,896
<u>Debt</u>					
Borrowing	6,408	18,468	30,238	6,474	0
Leasing	0	0	0	0	0
<b>TOTAL</b>	<b>21,077</b>	<b>66,044</b>	<b>81,675</b>	<b>17,841</b>	<b>9,468</b>

Debt is only a temporary source of finance, since loans and leases must be repaid this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). This is a charge to the General Fund Balance and is mandated by legislation to ensure that a prudent charge for the repayment of debt be made by the revenue account. An MRP Statement which sets out how this charge should be calculated each year must be produced which is appended at **Appendix C**.

As the HRA account is self-financing there is no requirement for an MRP charge as the actual debt repayments are made as the loans mature. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The forecast General Fund MRP charge and the HRA actual debt loan repayments are below:

*Replacement of debt finance in £'000*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
General Fund - MRP	853	594	765	1,164	1,164
General Fund – RHH Ltd	3,147	0	0	0	0
HRA - Debt Repayment	3,029	6,531	5,534	3,034	5,041

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and loan debt repayments and capital receipts used to replace debt. The CFR is expected to increase by £26.9m during 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Prudential Indicator 10: Estimates of Capital Financing Requirement in £'000*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
General Fund services	25,784	35,800	52,239	51,076	49,912
Council housing (HRA)	110,994	113,323	115,175	118,614	113,573
Capital investments	762	2,760	11,408	11,408	11,408
<b>TOTAL CFR</b>	<b>137,540</b>	<b>151,883</b>	<b>178,822</b>	<b>181,098</b>	<b>174,893</b>

**Asset management:** The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The council's property portfolio consists of operational property and property held for specific community or regeneration purposes. The council has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery e.g. office buildings.
- Parks, playgrounds and open spaces.
- Regeneration, enabling strategic place shaping and economic growth.

Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of this strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

**Asset disposal:** The Council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions in order to maximise the sale proceeds, known as capital receipts, which can then be spent on new assets or

repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2025/26, although the Council does not expect to utilise this ability during 2023/24. Repayments of capital grants, loans and investments also generate capital receipts.

- The Council's Flexible Use of Capital Receipts Policy is available at **Appendix D**.

### **Treasury Management**

Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council typically has a surplus of cash in the short-term as revenue income is received before it is spent, but a shortfall of cash in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council at 31 December 2022 had £90m borrowing at an average interest rate of 3.4% and £83m treasury investments at an average rate of 1.9%.

**Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 2.75%) and long-term fixed rate loans where the future cost is known but higher (currently between 3.5% to 4.0% depending on the length of the loan).

The table below shows the Council's actual debt position against the forecasted capital financing requirement, where no additional borrowing has been included based on the proposed capital program.

#### *Gross Debt and the Capital Financing Requirement in £'000*

<b>Debt</b>	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<b>External Debt</b>					
Debt at 1 April	95,212	97,334	90,803	85,269	82,234
Expected change in Debt	1,898	-6,755	-5,758	-3,259	-5,265
Other long-term liabilities (OLTL)	224	224	224	224	224
<b>Actual gross debt at 31 March</b>	<b>97,334</b>	<b>90,803</b>	<b>85,269</b>	<b>82,234</b>	<b>77,193</b>
<b>The Capital Financing Requirement</b>	<b>137,540</b>	<b>151,883</b>	<b>178,822</b>	<b>181,098</b>	<b>174,893</b>
<b>Under / (over) borrowing</b>	<b>40,206</b>	<b>61,080</b>	<b>93,553</b>	<b>98,864</b>	<b>97,700</b>

Statutory guidance is that debt should remain below the capital financing requirement, except in exceptional circumstances that may incur for a short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

*Authorised limit and operational boundary for external debt in £'000*

	<b>2022/23 revised</b>	<b>2023/24 limit</b>	<b>2024/25 limit</b>	<b>2025/26 limit</b>
Authorised limit – total external debt	164,483	191,422	193,698	187,493
Operational boundary – total external debt	157,283	184,222	186,498	180,293

➤ Further details on borrowing are in pages 4 to 7 of the treasury management strategy.

**Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons may be for purely financial gain or in order to stimulate the local economy and are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent over the short - term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

*Treasury management investments in £'000*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Short-term investments	66,895	47,916	41,649	48,455	40,521
Longer-term investments	7,500	11,979	17,849	20,766	17,366
<b>TOTAL</b>	<b>74,395</b>	<b>59,895</b>	<b>59,498</b>	<b>69,221</b>	<b>57,887</b>

➤ Further details on treasury investments are in pages 8 to 13 of the treasury management strategy.

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Resources/Deputy Chief Executive and treasury staff, who must act in line with the Treasury Management Strategy approved by Full Council. Half yearly reports on treasury management activity are presented to the Audit and Governance committee and then to Full Council. The Audit and Governance committee is responsible for scrutinising treasury management decisions. Quarterly reporting against the Prudential Indicators will be included within Budget

Monitoring and Forecasting reports from April 2023 which will be presented to the Audit and Governance Committee.

### **Investments for Service Purposes**

The Council makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

**Governance:** Decisions on service investments are made by the relevant Business Manager in consultation with the Director of Resources/Deputy Chief Executive and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are contained within the investment strategy.

### **Commercial Activities**

With central government financial support for local public services declining, the Council has the ability to invest in commercial property if it meets both wider Council objectives and provides a financial return that can be used to support Council services.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. In the context of the Capital Strategy, the council is using capital to invest in property to provide a positive surplus/financial return. The council may fund the purchase of the property by borrowing money. The rental income paid by the tenant should exceed the cost of repaying the borrowed money each year. The annual surplus then supports the council's budget position, and enables the council to continue to provide services for local people. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. In order that commercial investments remain proportionate to the size of the council, these are subject to an overall maximum investment limit of £15m. However, the Council does not hold any investment properties on its balance sheet and has no plans to invest in these types of assets.

**Governance:** Property and most other commercial investments would be classed as capital expenditure and purchases will therefore be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are contained within the investment strategy.



## Liabilities

In addition to debt of £90m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £95m 2021/22).

**Governance:** Decisions on incurring new discretionary liabilities are taken by Business Managers in consultation with the Director of Resources/Deputy Chief Executive. The risk of liabilities crystallising and requiring payment is monitored by the corporate finance team. New liabilities are reported to full Council for approval/notification as appropriate.

- Further details on liabilities and guarantees are on pages 85 to 90 of the 2022/23 statement of accounts.

## Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Prudential Indicator 11: Proportion of financing costs to net revenue stream in £'000*

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
<b>General Fund</b>					
MRP Charge	853	594	765	1,164	1,164
Interest Payable	49	341	397	490	490
Less: Investment Income	-932	-1,042	-1,642	-2,013	-1,624
<b>Total GF Financing costs</b>	<b>-30</b>	<b>-107</b>	<b>-480</b>	<b>-359</b>	<b>30</b>
Proportion of net revenue stream	-0.10%	-0.63%	-2.61%	-1.95%	0.21%
<b>Housing Revenue Account</b>					
Interest Payable	3,907	3,775	3,624	3,938	4,054
Depreciation	4,860	5,420	5,994	6,139	6,139
MRR contributions including debt repayments	5,009	4,333	4,851	5,453	5,872
Less: Investment Income	-4	-5	-5	-5	-5
<b>Total HRA Financing costs</b>	<b>13,772</b>	<b>13,523</b>	<b>14,464</b>	<b>15,525</b>	<b>16,060</b>
Proportion of net revenue stream	56.56%	53.97%	54.52%	56.69%	56.30%

- Further details on the revenue implications of capital expenditure are contained within the 2023/24 revenue budget.

**Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for potentially up to 50 years into the future. The Director of Resources/Deputy Chief Executive is satisfied that the proposed capital programme is prudent, affordable and sustainable.

### **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources/Deputy Chief Executive is a qualified accountant with 20 years' experience, the Business Manager – Corporate Property is a qualified Chartered Surveyor and also has 11 years' experience. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, AAT, ACT (treasury) and actively encourages staff to attend relevant training courses and seminars.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Group as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- The Council's policy on the use of temporary agency workers and consultants is available on the Councils Intranet.

**MANAGING THE CAPITAL PROGRAMME**

A key role in the monitoring of the capital programme is undertaken by the Capital Monitoring Group, which meets on a quarterly basis. This Group is attended by responsible officers and the relevant accountant and is chaired by the Business Manager for Financial Services. It is a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. Ongoing monitoring arrangements for the delivery of the approved programme consist of:

- Project Managers are identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;
- The Deputy Chief Executive/Director of Resources and S151 Officer co-ordinates high level monthly reporting and detailed quarterly reporting to the Management Senior Leadership Team and Cabinet;
- The quarterly capital monitoring where project managers report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken; and
- Business Managers are responsible for ensuring that their Project Manager's monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Senior Leadership Team and Cabinet for approval of variations where necessary.

**PROCUREMENT**

The purchase of capital assets should be conducted in accordance with the Contract Procedure Rules, ensuring value for money, legality and sustainability at all times. Contract standing orders and rules governing the disposal or write off of assets are contained in the Constitution which is consistently reviewed.

**VALUE FOR MONEY**

The Council recognises that effective procurement lies at the heart of delivering value for money and is essential if the Council is to obtain real improvements to quality and service costs. The Council seeks to achieve value for money by applying rigorous procurement standards in the selection of suppliers and contractors to ensure efficiency, economy and effectiveness is received throughout the life of a contract. The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of our capital strategy. Specifically we will seek to strengthen the outcome indicators as part of post project reviews.

**ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2023/24**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments where it is deemed appropriate (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to Councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2016 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in the former DLUHC regulations (option 1);

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year. However as the Council deems it more prudent MRP will be charged on a 2% straight line basis, net of 'Adjustment A'. This ensures that the debt will be repaid within 50 years.

From 1 April 2016 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's useful life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP.

**FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY****Introduction and Background**

Following the Spending Review 2015, the Department of Levelling Up, Housing and Communities (DLUHC) recently issued guidance on the flexible use of capital receipts which came into effect from 1 April 2016 to 31 March 2022. On 10 February 2021 the government announced a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. The guidance, underpinned by a direction from the Secretary of State for Communities and Local Government, will enable local authorities to capitalise costs incurred on transforming or improving service delivery designed to generate ongoing revenue savings. The guidance also states that each local authority should prepare a Flexible use of Capital Receipts Strategy.

In summary, the key elements of the DLHUC guidance on the flexible use of capital receipts are:

**Types of qualifying expenditure**

1. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
2. Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure.

**Financing of the qualifying expenditure**

- i. Up to 100% of capital receipts from property, plant and equipment disposals received from 2023/24 (excluding Right to Buy receipts) can be used to finance qualifying expenditure. Existing capital receipts in hand prior to 2023/24 are not permitted to be used.
- ii. Local authorities may not borrow to finance qualifying expenditure.
- iii. The guidance will apply for 2023/24.

**NEWARK & SHERWOOD DISTRICT COUNCIL  
CAPITAL PROJECT APPRAISAL FORM**

COMMITTEE	
DIRECTORATE	
BUSINESS UNIT	
PROJECT OFFICER	
PROJECT TITLE	

**1. DESCRIPTION OF PROJECT**

**2. DEMONSTRATION OF NEED** e.g is the work a statutory obligation? Please include supporting information

**3. DETAIL HOW THE PROJECT LINKS TO THE COMMUNITY PLAN**

**4. DESCRIBE THE IMPACT OF THIS PROJECT ON OTHER BUSINESS UNITS** (including officers in other business units involvement in the project)

**5. PROJECT DEPENDENCIES**

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**6. RESOURCE REQUIREMENTS**

**6a. LAND/BUILDING CURRENTLY IN COUNCIL OWNERSHIP/LAND ACQUISITION REQUIRED** (State whether General Fund or HRA)

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**6b. ESTIMATED CAPITAL COSTS INCLUDING PROFILE OF SPEND OVER FINANCIAL YEARS**

*\*Consideration to be given to inflation and contingency*

<b>2023/24</b> £	<b>2024/25</b> £	<b>2025/26</b> £	<b>2026/27</b> £	<b>2027/28</b> £

**6c. FUNDING AVAILABLE**

<b>2023/24</b> £	<b>2024/25</b> £	<b>2025/26</b> £	<b>2026/27</b> £	<b>2027/28</b> £	<b>Source</b>

**6d. REVENUE IMPLICATIONS** (this should include costs associated with implementation, ongoing revenue costs and ongoing savings and should be agreed with relevant accountant).

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**6e. VAT IMPLICATIONS** (do we need to consider option to tax?)

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**7. OTHER INFORMATION**

**7a. HEALTH & SAFETY ISSUES**

[Empty box]

**7b. EQUALITIES IMPLICATIONS**

[Empty box]

**7c. CRIME & DISORDER ISSUES**

[Empty box]

**7d. PLANNING IMPLICATIONS**

[Empty box]

**7e. LISTED BUILDING IMPLICATIONS**

[Empty box]

**7f. PROJECT RISKS/UNCERTAINTIES**

[Empty box]

**7g. HAVE ALTERNATIVE PROCUREMENT STRATEGIES SUCH AS JOINT PROCUREMENTS BEEN EXPLORED?**

[Empty box]

**FORM COMPLETED BY:**

**DATE:**

**SIGNATURE OF SPONSORING DIRECTOR:**

[Empty box]
[Empty box]
[Empty box]



## PRIORITISATION CRITERIA

	<b>STAGE 1 FACTOR</b>	<b>Comments</b>	<b>STAGE 2 DETAILED PRIORITISATION</b>	<b>STAGE 2 WEIGHTING</b>
1	<p><b>Key Priorities</b></p> <p>Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.</p>	<p>If a scheme does not clearly relate to these areas it will not be considered further.</p>	<p>Each scheme to be marked as to how well it fits with the Community Plan</p>	<b>35%</b>
2	<p><b>Evidence of Need</b></p> <p>Service Strategy National Strategy or Guidelines Statutory Obligation</p>	<p>In some cases local demands are in excess of national guidelines and strategies and this tries to acknowledge that the two must be balanced. This will cover Health and Safety related schemes.</p>	<p>The following factors will receive equal weighting :-</p> <ul style="list-style-type: none"> <li>• Statutory Obligation</li> <li>• National Strategy</li> <li>• Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive?</li> <li>• Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence</li> </ul>	<b>10%</b>
3	<p><b>Partnership</b></p> <p>Eligibility under existing criteria can be demonstrated.</p>	<p>Show that work has been done to ensure that the obtaining of external finance is realistic. The degree to which the partnership will add value to the project.</p>	<p>The proportion of finance which will be met by third party. The likelihood of receiving support.</p> <p>Assessment of the value the partner will add to the project.</p>	<b>15%</b>

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4	<p><b>Outputs and Outcomes</b></p> <p>These have been clearly identified and can be justified from supporting evidence.</p> <p>Specific comments should be made as to how the scheme represents value for money when compared to other options</p>	<p>This will enable the council to improve the way it reports its work and clearly show what is being achieved. The comments should refer to any performance indicators which the proposal is addressing specifying what the improvement target is.</p>	<p>Assessment then made on what the scheme will achieve.</p>	<p><b>15%</b></p> <p>Assessment of all factors or group of factors</p>
5	<p><b>Financial</b></p> <p>Capital costs have been based on internal or external professional advice</p> <p>Revenue implications have been properly developed</p>	<p>Capital costs include both works and land purchase and cover all associated costs.</p> <p>Try and avoid “guesstimates” which result in schemes requiring increased finance or having to be reduced to meet finance available.</p>	<p><u>Capital</u> will be based on the quality of work which has been put into estimate. e.g. costed feasibility studies.</p> <p><u>Revenue</u> will be based on whether the effect is positive, neutral or negative on the revenue budget.</p> <p>Positive effect scores 10</p> <p>Neutral effect scores 3</p> <p>Negative effect scores 0</p>	<p><b>5%</b></p> <p><b>10%</b></p>
6	<p><b>Risk Assessment</b></p> <p>Identify the level of risk in a project not being able to proceed. For example planning appeals, listed building consent. Over subscription of partnership funds</p>	<p>Try and ensure that not all schemes selected are high risk with the danger that there will be delays in delivery or no-delivery.</p>	<p>The following will all need to be considered:-</p> <p>Technical Issues</p> <p>Financial Uncertainty</p> <p>Partnership uncertainty</p> <p>Planning Issues</p> <p>Legal issues</p> <p>Timescale</p>	<p><b>10%</b></p>