2018/19 TO 2020/21

NEWARK AND SHERWOOD DISTRICT COUNCIL

CAPITAL STRATEGY

1. INTRODUCTION

This Capital Strategy outlines the principles and framework that shape the Council's capital proposals. The principal aim is to deliver an affordable programme of capital investment consistent with the Council's Financial Strategy and that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

The Strategy defines at the highest level how the capital programme is to be formulated and designed, it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

As well as detailing the approved capital programme over the forthcoming five years, the document also sets out the Councils ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Corporate Plan;
- An investment programme expressed over the medium to long term;
- A document that indicates the opportunities for partnership working;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions 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 Policy and 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 the Policy and Finance Committee 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.

The capital programme consists of two elements:

- The Housing Capital Programme with a proposed budget for 2018/19 of £17.6m, which supports the maintenance of the Councils circa 5,400 council houses;
- The General Fund Capital Programme with a proposed budget for 2018/19 of £5.0m. Of this amount, expenditure on the Council's non-housing assets totals £4.4m, and £0.6m will provide Disabled Facilities Grants to a number of private dwellings during the year.

2. PRINCIPLES SUPPORTING THE STRATEGY

The Capital Strategy reflects the aspirations included within the Council's main strategic documents - principally the Corporate Plan but also other key planning documents such as the Treasury Management Policy and Strategy and the Budget Strategy.

The principles that underpin the Capital Strategy include:

Policy Principles:

- A direct relationship between Council priorities, including our statutory requirements, and a capital programme driven by essential investment needs and prioritised on an authority-wide basis, demonstrating an explicit link with all key strategic planning documents; and
- The use of a rational process for assessing the relative importance of potential schemes.

Financial Principles:

- The overarching commitment to affordability of investments over the longer term;
- A recognition that the Council's own locally generated resources are limited and will only be used to fund those capital priorities that are unlikely to be able to access any other funding sources;
- A commitment to developing partnerships, including the pursuit of joint venture and community arrangements where appropriate, to achieve the Council's investment aspirations;
- To pursue all available external funding where there is a direct compatibility with the Council priorities;
- Value for money of investments in assets over their full life cycle.

Implementation and Management Principle

- The operation of robust management arrangements for the implementation, updating and review of the Strategy.

3. CAPITAL INVESTMENT PRIORITIES

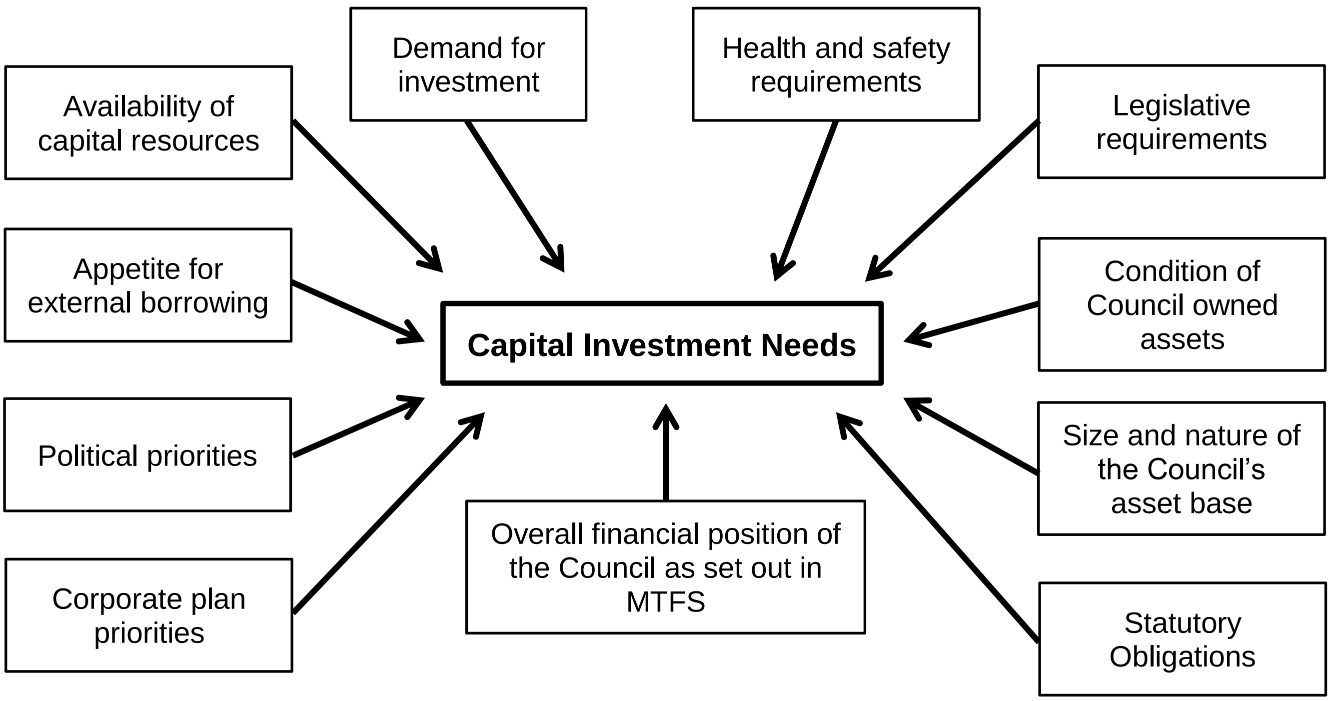
The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Corporate Plan 2016-2020 sets out the vision for Newark and Sherwood. This Vision is intended to be external facing and clearly indicates the Council's ambition for the district and the people within.

Underpinning the Council's contribution to the Corporate Plan vision are four Strategic Priorities. These are:

- *Homes;*
- *Economy;*
- *Safety and Cleanliness; and*
- *Healthiness.*

The four strategic priorities are framed through the Themes of *People, Prosperity, Place and Public Service.*

While the aim of the Council for its capital investment is in line with the Corporate Plan the capital need is influenced by a number of other factors both internal and external to the Council. The diagram below identifies a number of these:



4. FINANCIAL CONTEXT

Financial Process

The Council's financial and service planning process ensures decisions about the allocation of capital and revenue resources are taken to achieve a corporate and consistent approach.

The funding of capital schemes is via the following hierarchy:

- External grants and contributions;
- Capital receipts from the disposal of fixed assets;
- Unsupported borrowing;
- Leasing finance; (where applicable)
- Revenue contributions.

The following paragraphs examine the current and prospective means of financing projects and the range of choices available.

External Grants and Contributions - Some capital projects are financed wholly or partly through external grants and contributions that are specific to projects and cannot be used for other purposes.

Grants from external sources are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of capital developments that would otherwise have been unable to progress. Given the scale of the Council's ambitions to improve and add to its asset base much will depend on our ability to secure external funding.

The most significant grants that the Council now receives are from a combination of European money e.g. ERDF, Section 106 monies and Community Infrastructure Levies from development sites that are acquired for housing and other purposes.

Capital Receipts - The Council also generates its own capital resources through the sale of surplus land and buildings and these resources can be used by the Council to invest in new capital projects. However, the Council is not asset rich and the ability to realise significant capital receipts is limited. Moreover, the current economic climate will restrict the capital value of any sale. Decisions to dispose of assets at less than full value should therefore be tested against the opportunity cost of the capital spending given up as a consequence.

The Council received General Fund capital receipts of £0.5m in 2016/17 (estimated at £3.9m in 2017/18), and Housing capital receipts of £1.7m in 2016/17 (estimated at £1.8 in 2017/18).

Capital receipts may only be used for one or more of the following purposes:
- to meet capital expenditure;
- to repay the principal of any amount borrowed;
- to pay a premium charged in relation to any amount borrowed;
- to meet any liability in respect of credit arrangements, other than any liability which, in accordance with proper practices, must be charged to a revenue account;
- to meet the administrative costs of or incidental to a disposal of an interest in housing land; or
- to make a payment to the Secretary of State under regulation 12 or 13.

It is also important to clarify the categories of capital receipts as follows:

- General Fund – 100% receipts from sales of land and property that are owned by the General Fund;
- Housing – 100% receipts from sales of land and property that are owned by the Housing Revenue Account that must be spent on housing capital expenditure, regeneration or debt repayment. It also includes the 25% of capital receipts from council housing sales (the other 75% is paid over to the government);
- Retained Right to Buys – This originated from the introduction of the housing self-financing regulations, which set out the government's assumptions on the number of council house sales that would be made each financial year – for Newark and Sherwood this equates to 14 Right-to-Buy sales in 2018/19. For any sales in excess of the 14 properties, the Council is allowed to keep 100% but only if it invests in new housing within a three year period at a match funding rate of 30%.

Unsupported Borrowing – Unsupported prudential borrowing is where the debt costs have to be funded from the Council's revenue resources. The principle of affordability is therefore a key consideration.

With the introduction in April 2012 of the new Housing Self-Financing regime, significant levels of additional borrowing to fund the overall capital programme 2018/19 to 2022/23 will no longer apply. Instead, borrowing for social housing purposes will be restricted to the 'gap' between the current Capital Financing Requirement and the government imposed borrowing ceiling. The size of this housing 'gap' is circa £8.5m in 2017/18 and will only be used to fund 'invest to save' schemes such as energy efficiency projects, or new build in the longer term.

For the General Fund, unsupported prudential borrowing will be tightly controlled due to the financial impact it will have on a revenue budget that already operates to very tight margins. The planning assumption for the five-year programme is that the Council may use borrowing for 'long life' assets, or as a replacement for leasing, or for an 'invest to save' scheme. This must, however, be proven to be affordable and sustainable within the revenue budget.

Revenue Funding - The Council can also use revenue resources to fund capital projects, although pressures on the revenue budgets limit the ability to fund schemes from this source.

Other Sources of Capital Financing - The Council will continue to explore the potential for developing partnerships and private sector involvement. It also has the opportunity to use leasing as a means of funding capital expenditure on vehicles and other equipment. In all cases the resulting revenue costs of these sources of funding are tested for relative Value for Money alongside debt financing.

The Council recognises that certain services have greater potential for attracting capital finance from external sources. The Council aims to ensure that it maximises the opportunities to attract partnership or third party funding where appropriate and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.

5. CAPITAL FORECAST AND PRUDENTIAL INDICATORS

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The table below summarises the Council's capital plans and how these plans are being financed by capital or revenue resources, as presented within the separate General Fund and Housing Capital Programme reports. Any shortfall of resources results in a funding borrowing need:

Capital Expenditure and Financing	**2016/17 Actual £m**	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
General Fund Expenditure	**8,818**	**14,181**	**5,047**	**4,049**	**4,534**
Financed by:					
Capital receipts	561	4,365	0	0	0
Capital grants	5,849	6,995	3,398	2,849	3,314
Revenue	0	0	0	0	0
General Fund Net financing need for the year	**2,408**	**2,821**	**1,649**	**1,200**	**1,220**
HRA Expenditure	**9,613**	**17,530**	**17,614**	**12,946**	**12,346**
Financed by:					
Capital Receipts	210	637	2,177	2	2
Capital Grants	1,175	5,158	3,781	0	0
Major Repair Reserve	8,228	136	10,637	9,909	8,596
HRA Net Financing need for the year	**0**	**11,599**	**1,019**	**3,035**	**3,748**
Total Net Financing need for the year	**2,408**	**14,420**	**2,668**	**4,235**	**4,968**

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement	**31.03.17 Actual £m**	**31.03.18 Revised £m**	**31.03.19 Estimate £m**	**31.03.20 Estimate £m**	**31.03.21 Estimate £m**
General Fund	21,057	23,458	24,545	25,101	25,616
HRA	93,432	104,012	104,010	105,022	102,745
Total CFR	**114,489**	**127,470**	**128,555**	**130,123**	**128,361**
Movement in CFR	**589**	**12,981**	**1,085**	**1,568**	**-1,762**

Movement in CFR represented by					
Net financing need for the year (above)	**2,408**	**14,420**	**2,668**	**4,235**	**4,968**
Less MRP/VRP and other financing movements	**-1,819**	**-1,439**	**-1,583**	**-2,667**	**-6,730**
Movement in CFR	**589**	**12,981**	**1,085**	**1,568**	**-1,762**

The CFR is forecast to rise by £14m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	**31.03.17 Actual £m**	**31.03.18 Revised £m**	**31.03.19 Estimate £m**	**31.03.20 Estimate £m**	**31.03.21 Estimate £m**
Borrowing	86,899	96,889	95,867	93,844	93,819
Finance leases	224	224	224	224	224
PFI liabilities	0	0	0	0	0
Transferred debt	0	0	0	0	0
Total Debt	**87,123**	**97,113**	**96,091**	**94,068**	**94,043**
Capital Financing Requirement	114,489	127,470	128,555	130,123	128,361
Under / (over) borrowing	**27,366**	**30,357**	**32,464**	**36,055**	**34,318**

Total debt is expected to remain below the CFR during the forecast period.

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	**2016/17 Actual %**	**2017/18 Revised %**	**2018/19 Estimate %**	**2019/20 Estimate %**	**2020/21 Estimate %**
General Fund	3.47	2.15	3.70	4.46	4.59
HRA	32.01	33.10	39.21	38.00	37.38

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	**2016/17 Actual £**	**2017/18 Revised £**	**2018/19 Estimate £**	**2019/20 Estimate £**	**2020/21 Estimate £**
General Fund - increase in annual band D Council Tax	5.88	6.54	3.44	2.51	2.55
HRA - increase in average weekly rents	0.10	65.45	7.76	17.10	21.20

6. ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2018/19

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 if required (voluntary revenue provision - VRP).

CLG 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 former CLG regulations (option 1);

These options provide 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 either*:*

- **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);

These options provide for a reduction in the borrowing need over approximately the asset's 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.

7. FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction and Background

Following the Spending Review 2015, the Department for Communities and Local Government (CLG) recently issued guidance on the flexible use of capital receipts which came into effect from 1 April 2016 to 31 March 2019. 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 CLG 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. 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 2018/19 (excluding Right to Buy receipts) can be used to finance qualifying expenditure. Existing capital receipts in hand prior to 2018/19 are not permitted to be used.

ii. Local authorities may not borrow to finance qualifying expenditure.

iii. The guidance will apply for 2018/19.

8. CAPITAL INVESTMENT PRIORITISATION

Demand for capital resources to meet investment needs and aspirations will exceed the resources available to the Council.

To ensure that capital resources are allocated to the Council's priorities, an objective, structured prioritisation process has been adopted for determining the Capital Programme.

In moving to a longer-term view of priorities, the first step in this process is to identify the potential calls on capital. An early filtering out of aspirations, which do not sufficiently meet Council priorities to warrant incurring costs of feasibility and option appraisal studies, seeks to obviate potentially abortive costs.

From this refined review the process is based on the completion of a Capital Service Bid for each project to be considered for inclusion in the Capital Programme. Each Capital Service Bid is then scored against the established methodology. Corporate Management Team scrutinises and moderates the scores, and recommends options for a prioritised Capital Programme for the forthcoming period. These are presented to Policy and Finance Committee, which makes the final recommendations to full Council.

Once full Council has approved the schemes that comprise the Capital Programme, the project managers develop detailed project plans for each scheme. The project plan forms the basis for monitoring delivery of the critical physical milestones. Each project plan includes:

- The projects objectives and performance indicators (inputs, outputs, and outcome based);
- Key milestone dates for project delivery;
- Responsible officers for delivery of each milestone;
- Resource requirements including full financial breakdown;
- Risk analysis; and
- Post project review on the completion of each scheme.

The process specifically addresses the key requirements of the Prudential Code, i.e.:

- Affordability, prudence and sustainability - the integration of the capital and revenue planning processes ensures that coherent decision-making takes place on the level of borrowing that is prudent, affordable and sustainable;
- the Council's service objectives – the specific relationships to the achievement of the objectives expressed in the Corporate Plan supplemented by reference to relevant strategic, service and/or statutory plans;
- the Value for Money offered by the plans – as demonstrated by an options appraisal;
- the stewardship of the Council's assets – explicit regard to the Council's Property Asset Management Plan; and
- the practicalities of the capital expenditure plan – i.e. projects are realistically phased and are capable of being delivered in physical terms.

9. 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 Director of Resources and S151 Officer co-ordinates high level monthly reporting and detailed quarterly reporting to the Management Team, Audit & Accounts Committee, and Policy and Finance Committee;
- 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 Project Manager monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Corporate Management Team and Policy and Finance Committee.

10. 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.

11. 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.

12. CAPITAL RECEIPTS

Any proceeds from the disposal of assets such as land in excess of £10,000 are determined as a 'capital receipt' and feed directly into the relevant capital pot for reinvestment. The policy to sell small pockets of land or surplus vehicles often brings in income of less than £10,000. This income is classed as 'revenue income' and is posted to the revenue income and expenditure account.

13. CONCLUSION

The Capital Strategy is a 'live' document which enables the Council to make rational capital investment decisions in order to achieve its corporate priorities and objectives. As a consequence, it provides a framework for determining the relative importance of individual capital projects.

If the Council is to achieve its ambitions, it is recognised that a commitment to partnership working with both the private sector and other public sector agencies will play a significant part of the Council's overall approach.

The adoption of a five-year capital planning framework is a significant means of improving programming for major projects and ensuring the longer term sustainability of the borrowing requirement.

The Council aims to ensure that it will maximise the opportunities to attract partnership or third party funding, and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.

The Council will maintain comprehensive and robust procedures for managing and monitoring its Capital Programme.

Any policy or strategy proposed to Council that requires capital investment must be consistent with the Capital Strategy. The Strategy is to be revisited annually, to ensure that it is kept up-to-date and is relevant and effective.

APPENDIX 1

CAPITAL PRIORITISATION PROCESS

INTRODUCTION AND BACKGROUND

Good practice dictates that the framework for allocating capital resources to capital projects is clear and understandable to all. It is therefore imperative that the Capital Strategy details the process by which projects are selected in relation to objectives and service plans. This will demonstrate a level of objectivity in the selection of projects, especially in the context of a strategic planning process.

HOW THE PROCESS OPERATES

When business cases for new schemes are brought to Committee, financing implications of capital expenditure are included in order to assess the viability of the scheme and to enable members to make informed decisions. Once the capital expenditure has been incurred, the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council's Constitution.

Any new scheme will initially be commissioned by the Corporate Management Team. It will then be assessed against the prioritisation criteria, see below. Based on this assessment a report will be prepared for submission to Policy and Finance Committee in December before final approval by Council.

Council will consider all schemes and either: a) allocate resources to enable a scheme to be carried out; b) place it on the uncommitted list pending identification of resources; or c) reject it.

PRIORITISATION CRITERIA

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
1	**Key Priorities** Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.	If a scheme does not clearly relate to these areas it will not be considered further.	Each scheme to be marked as to how well it fits with the following- • Prosperity • People • Place • Public Service	**35%**
2	**Evidence of Need** Service Strategy National Strategy or Guidelines Statutory Obligation	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.	The following factors will receive equal weighting :- • Statutory Obligation • National Strategy • Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive? • Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence	**10%**
3	**Partnership** Eligibility under existing criteria can be demonstrated.	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.	The proportion of finance which will be met by third party. The likelihood of receiving support. Assessment of the value the partner will add to the project.	**15%**

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
4	**Outputs and Outcomes** These have been clearly identified and can be justified from supporting evidence. Specific comments should be made as to how the scheme represents value for money when compared to other options	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.	Assessment then made on what the scheme will achieve.	**15%** Assessment of all factors or group of factors
5	**Financial** Capital costs have been based on internal or external professional advice Revenue implications have been properly developed	Capital costs include both works and land purchase and cover all associated costs. Try and avoid "guesstimates" which result in schemes requiring increased finance or having to be reduced to meet finance available.	Capital will be based on the quality of work which has been put into estimate. e.g. costed feasibility studies. Revenue will be based on whether the effect is positive, neutral or negative on the revenue budget. Positive effect scores 10 Neutral effect scores 3 Negative effect scores 0	**15%** Capital marked 1 to 5 Revenue marked 0 to 10
6	**Risk Assessment** 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	Try and ensure that not all schemes selected are high risk with the danger that there will be delays in delivery or no-delivery.	The following will all need to be considered:- Technical Issues Financial Uncertainty Partnership uncertainty Planning Issues Legal issues Timescale	**10%**