



Report to: Cabinet
Joint Cabinet with Overview and Scrutiny Committee
Council

Date: 21 February 2008
25 February 2008
5 March 2008

Subject: Capital Strategy

Report of: Director of Finance and IT

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Purpose / summary: To update the Council's Capital Strategy

Alternative options considered and reason for selecting the one recommended: No alternative considered

Recommendation / decision: For Council to adopt the Capital Strategy and delegate future amendments of the strategy to the Capital Strategy Management Group.

Risks / Implications: Sets framework for capital investment and disposal decisions.

Financial: None
Staffing: None

Policy: None

Equal Opportunities - Has a Diversity Impact Assessment been conducted? N/A

Wards affected: All Wards

Property – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation? Yes

Does this proposal have significant implications for the Council and the local population? Yes

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure? No

Has the Director of Legal and Property Services confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes / No ***

Has the Director of Finance and IT confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes***

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No***

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	x		x
Discussion leading to a decision	x	Discussion	
Monitoring		Decision	
Sharing for corporate understanding		Information	

Tracking/Process:

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
		21 st February 2008	27 th February 2008

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer David Smith

Date 7th February 2008



Wigan Council Capital Strategy

Foreword by the Leader of the Council

The Council's Capital Strategy represents our investment in the future of the Borough. With a programme of £380m between 2007/08 and 2010/11 it will have a significant effect on local people and the places they live.

The Council continues to have three clear objectives on which it focuses to improve life in the borough. These are :-

Helping people reach their full potential
Building Strong Communities
Helping to create places that people want to live.

The Capital Strategy reflects the Council's objectives and the detail of the strategy outlines how what is being proposed as capital spending relates to these three objectives.

The borough's physical environment has been transformed since 1974 by schemes ranging from small landscaping projects to major derelict land reclamation. There is always more to do in tackling this problem and refreshing and renewing to meet current needs. Investment in school, highways and major regeneration projects are amongst some of the major areas of activity,

In addition to covering the "what" the Council's Capital Strategy covers the "how" by providing the framework for all of the Council's capital decisions. This sets out how the Council prioritises capital funding, how it appraises capital projects and how capital projects are managed. Value for money procurement continues to be a focus.

Although in parts this strategy is inevitably technical, it is a document which sets out how the Council is using or will use Capital investment to respond to the challenges which arise in meeting its key objectives.



Contents

This strategy document is organised as follows: -

- 1) The aims and objectives of the Capital Strategy.
- 2) The way in which capital investment is resourced.
- 3) The way in which the Council prioritises its capital resources.
- 4) The way in which capital investment and disposal decisions are appraised.
- 5) The way in which the Council's Capital Strategy is intrinsically linked to its medium term financial strategy.
- 6) The way in which the Capital Strategy has evolved in response to changing circumstances, particularly the Prudential Regime.
- 7) The way in which the Council procures its capital projects.
- 8) The way in which the Council measures the performance of its capital strategy.
- 9) The Capital Strategy Management Group.
- 10) The way in which capital programme processes are organised.

Appendix 1 - The way in which the Capital Strategy ties into the Council's objectives.

Appendix 2 – Tabular representation of capital programme against the Council's objectives.

Appendix 3 – Contextual setting of the Capital programme.

Appendix 4 – Ring Fencing of capital Receipts.



Aim of the Capital Strategy

1 The Capital Strategy's overarching aim is to provide a framework within which the Council's Capital Investment plans over the next 10 years may be delivered. Those plans are driven by the Council's strategic objectives: -

- Helping people reach their full potential
- Building strong communities
- Helping to create places people want to live

(Appendix 1 shows how the major strands of the programme fit with these objectives)

All capital investment and disposal decisions will be made with reference to these and only after a positive value for money contribution to one or all of them has been demonstrated is a project considered. In addition in making capital related decisions, compliance with the following principles will be necessary: -

- A rigorous process of capital options appraisal which requires evidence of need, cost and outcomes to be evaluated before decisions are taken. A prime source of information for appraising need will be the Council's asset management plans. Options appraisal will also include evaluation of procurement options.
- Except in extraordinary circumstances, capital investment decisions should by their nature form part of the Council's strategic plans. This will include deployment of capital resources to achieve the objectives of these plans. For example the acquisition, modification or sale of office buildings in the pursuit of the Council's Accommodation strategy.
- Opportunities for cross cutting and partnership working will always be considered.

The current Capital Programme looks ahead to 2010/11. Longer-term plans are continuously being formulated for our major service areas. These form the basis for bids for resources to government and are based on long term trend data and our responses to the challenges that they reveal.

The emphasis of the strategy

The Capital Strategy has at its heart the maintenance of a framework which emphasises the proactive management of the capital programme rather than simply its monitoring. This means active attention to procurement and management of cost to budget through effective option appraisal and cost engineering.

Development of the Capital Strategy

This strategy has been developed following consultation by the Capital Strategy Management Group (CSMG) with senior officers from all Council departments and

key partners such as Wigan and Leigh Housing and the Wigan Leisure and Cultural Trust. The document draws upon key corporate strategic documents (each of which has been developed following appropriate consultation with stakeholders) as follows:-

- Community Plan (developed in partnership with the Council's LSP)
- Local Transport Plan
- Corporate Property Strategy
- Asset Management Plan,
- Education Asset Management Plan
- Economic Development Plan and,
- Cultural, Housing and Adult Service Strategies.

The strategy has been agreed by the Council' Chief Officer Management Team as representing the overarching framework for decisions affecting its asset base and other capital activities.

The Council's Leader and the Cabinet have endorsed the Strategy.



Capital Programme Resources

2 Summary of Resource Position.

Resources are usually specific to spending programmes. The Council's strategy for deploying resources provided by government is to use them for the purposes intended. Resources awarded by government follow bidding processes and so in this way their use is tied in with the Council's objectives. Resources generated locally (mainly capital receipts) are first of all employed to fund the 2 high priority rolling programmes, capitalised repairs and disabled persons adaptations as well as any emergencies which may arise.

Prioritisation of the use of surplus resources is covered in the next section.

The Capital Programme is resourced in a number of ways: -

Prudential Borrowing

The Council will positively investigate opportunities provided by the freedom to procure capital investment financed by Prudential Borrowing where plans are sustainable, prudent and affordable. Full appraisal will take place to ensure that sufficient revenue returns to cover the cost of borrowing accrue to capital projects funded in this way. Appraisals will explicitly link borrowing to expected asset lives to ensure that an appropriate and sustainable charge is made to revenue and hence reflected in Council tax and Housing rent levels. This will also enable the Council to begin to prepare for the impact of full depreciation accounting if / when the government introduces the measure.

Prudential Borrowing will also be used to provide short term funding for projects where for example capital receipts earmarked in support of a project flow after expenditure has been carried out.

Government supported borrowing

This element of support is contracting as the ALMO programme draws to a conclusion. Supported borrowing (meaning the government funds capital financing costs via revenue grant) is earmarked for the services which the government has indicated support for. This resource tends to reflect central government policy delivered at a local level and therefore the Council continues to direct resources to the places so intended.

Government Grants

These tend all to be for specific purposes and therefore are used to support the spending programmes for which they were approved. Over the past decade Wigan has benefited dramatically from European Structural Funds. This area of support will be withdrawn after 2007.

Capital Receipts

From 3 main sources; Council House Sales (75% of proceeds is repayable to Government), Housing Land (50% of which must be set aside to repay debt) and General Receipts (which are 100% usable for reinvestment). Wigan has realised approaching £100 million in capital receipts from the disposal of surplus assets from its land disposal programme since 1990. In addition Wigan has, from 2004/05, taken advantage of the capital allowance provision which allows the 50% set aside on Housing land to be reinvested in capital assets by undertaking regeneration projects. The current challenge in this area is to identify significant receipts for disposal. In some cases the Council will facilitate disposal by spending on for example access roads or unlocking sites by purchase of land.

Capital receipts effectively fund those programmes where there is no other support – ie Building repairs programme, Adult Services Disabled Persons Adaptations, Deferred Purchase repayments, Waste Disposal, Leisure and Cultural Services.

The Council has a policy on earmarking capital receipts (see Appendix 3), which assumes all receipts are a corporate resource unless a case is made to re-invest in the service area where the receipt arises.

Contributions

This includes such things as Lottery Funding, Planning gains which often are used to pay for investment in play facilities. The Council actively seeks external funding in these various forms and has an excellent track record in attracting funding.

Revenue Contributions

In the current programme these are significant only on the Public Sector Housing Programme. The Major Repairs Allowance provided by government is also channelled into the ALMO programme.

Use of Operational Leasing

This has been a key source of finance for vehicles, plant and equipment (including IT) for a number of years. The advent of the Prudential Borrowing Regime means that it has sometimes become more attractive to fund from loan in some cases. This area will change as the market responds to these changes and will be reviewed on an ongoing basis to gauge its effectiveness. Following appraisal we will use the most appropriate funding source to finance vehicle and equipment purchases as it is recognised that Operational Leasing may remain the best option in some cases.

Other resources

The Council receives capital resources as a result of such things as the Local Authority Business Growth Incentive scheme (LABGI) and performance reward grant linked to the LPSA and the LAA programmes. Once again these resources assist with the delivery of priorities agreed locally and in line with government policy.



Prioritisation of the use of capital resources.

3. Within the following framework which will be subject to continuous review and refinement, the Council will prioritise the consumption of its capital resources.

Once a project has demonstrated that it is in line with the Council's objectives via the appraisal process (see section 4 below) it will be further tested against the following criteria:

Criteria	Scoring
Unavoidable capital expenditure due to emergency	Outside scoring system
Funding	100% funding or expenditure leading to larger capital receipt = 10 and this reduces to zero pro rata to funding identified.
Projects which are necessary to deliver mandatory or legislative service delivery requirements	Statutory / mandatory requirement = 5 Non statutory / mandatory = 0
Performance Improvement / Outcome Impact	How great is the impact of this project on improving performance on the Council's key objectives ? Score (5 = High, =1 Low)
Government	How important is this project to the Government ? Score (5 = High, =1 Low)
Partners	How important is this Project for Partners ? Score (5 = High, =1 Low)
Community Importance	How highly does the Community rate this project ? Score (5 = High, =1 Low)
Efficiency	Does this project lead to greater Council or Partner efficiency ? Score (5 = High, =1 Low)

Criteria	Scoring
Risk	<p data-bbox="643 230 1337 297">What risk impact does the non delivery of the project have (1, low, 2, medium, 3, high) multiplied by</p> <p data-bbox="643 331 1345 398">What is the likelihood of the risk occurring ? (1, low, 2, medium, 3, high)</p>

The results of this process will be reported to members each year as part of the Capital Appraisal process. Projects will be ranked in order of their score in order to present as objective (as is possible) view of the proposals and the agreed prioritisation of scarce capital resources.

Realistically it is recognised that the objective criteria set out above will always be capable of challenge in certain circumstances. Therefore the process has to allow for flexibility on occasions.

It is also vital to the success of this process that a proportionate and relevant response is taken to appraising different types of projects.



Capital Asset Investment / Disposal Appraisal

4. Full appraisal of capital investment and asset disposal decisions will take place before a project is considered by members and then implemented. Projects will go through processes which will include the following tests / information gathering: -

- Project description
- How it contributes to the achievement of the Council's strategic objectives.
- Demonstration of need – link to Asset Management Plans for example.
- Consultation process
- Results of any Gateway reviews
- Options Appraisal – where appropriate covering cross cutting issues and collaboration, joint service delivery (public / public, public / private, public / voluntary)
- Capital Costs and funding
- Whole Life Costings and impact on revenue budget
- Proposed procurement route

Capital asset disposals follow a parallel process, which takes into account income streams and results in an objective value for money decision on disposal.

It is recognised that one size will not fit all and so different levels and depths of appraisal will be carried out which reflect a project's size, funding and complexity.

For those involved with the management of Capital Projects detailed arrangements for capital appraisal are incorporated in a [web based Capital Appraisal Pack](#) which brings together the requirements of the process into a convenient and logical format which assists project officers with this critical task.



Capital Programme Cycle

5. The Capital Programme follows an annual cycle, which will encompass any opportunities for new starts. This cycle is part of the Authority's medium term financial strategy and feeds into the revenue budget process. It is outlined below: -

February / March	Cabinet receives reports on 3 year Capital Programme, Revenue Budget and Medium Term Forecast. This outlines opportunities for new starts.	L I N K E D T O M E D I U M T E R M S T R A T E G Y
June, July and August	Outline bids invited by Capital Strategy Management Group who assess against corporate objectives and priorities and recommend projects for further feasibility study to Cabinet by October.	
October	Feasibility studies that have undergone full standard appraisal reviewed by the CSMG – recommendations to Cabinet. This information feeds into Revenue Budget process.	
December	Government Supported Borrowing Details received for next financial year.	
January	New Starts programme established for forthcoming year and indicative programmes / projects for future years.	

At any point in the cycle the process is flexible so as to receive proposals which may arise outside the normal cycle. However, such proposals undergo an identical process albeit in a shortened timeframe. The process will also take account of the likely introduction of announcement of 3 year settlements and allow for on the shelf projects to have been appraised which could be implemented quickly.

At all points of the process information flows into the medium term financial strategy to ensure affordability, sustainability and compatibility with revenue budgets, Council Tax and housing rent levels.



Evolving Capital Strategy

6. The Capital Strategy continues to be adapted to changing circumstances. The introduction of the freedom to borrow if investment decisions are affordable, prudent and sustainable means that the Council will actively consider the application of capital solutions to the challenges it faces. Projects which may arise may be based upon: -

- opportunities to save where the revenue consequences of capital costs incurred may be less than the high revenue costs of external service provision – ie a switch from a revenue to capital intensive approach.
- savings compared with operational leasing.
- opportunities to invest in development sites to unlock capital receipts.



The way in which the Council procures its capital projects.

7. The Council's Procurement Strategy is employed to help ensure that Best Value is received from all aspects of service provision and the procurement of capital projects fits into that strategy just as any other aspect of the Council's activities does. Procurement of capital projects will follow whichever route offers greatest value for money, flexibility and fit with the Council's objectives.

The Council will pursue all means to achieve its objectives including specialist procurement routes such as PFI and Partnering which are seen as key opportunities to help deliver its Capital Strategy for the best value for money.

As part of the option appraisal process we will consider the use of techniques such as gateway reviews to ensure we learn from the experience of others



The way in which the Council measures the performance of its capital strategy.

8. The Strategy is underpinned by an effective system of capital programme monitoring and control. The review of capital projects by project officers is

continuous with a quarterly review process led by the Director of Finance and IT which feeds into the reporting of overall financial strategy into the Authority's Chief Officer Management Team and then Cabinet. This system is underscored by reporting triggered by projected variations to both the costs and timing of projects / programmes. The focus of the Capital Strategy Management Group in this regard will be to explore options for ameliorating potential cost overruns before reporting to the Chief Officer Management Team and ultimately Cabinet. Cabinet considers capital programme reviews at the same time as Revenue Monitoring reports.

The Council measures progress and outcomes by reference to prudential indicators for capital spending and its effect on revenue budgets, Council tax and treasury management. These aspects of the capital programme's performance are reported to members each quarter. The monitoring system also reviews whether or not investment decisions do achieve their aim of contributing to the Council's objectives. This is achieved by a both a qualitative and quantitative post project review conducted by the CSMG.



The Capital Strategy Management Group

9. This group, chaired by the Assistant Chief Executive and consisting of senior officers manages the Council's capital strategy. The group meets monthly with a continuous improvement agenda as well as its regular monitoring and appraisal role. The group is empowered to call individual service directors or project officers to discuss the progress of individual projects or programmes.

As outlined in the objectives of the Capital Strategy, the group's role is to ensure a **managed approach** to the capital programme. In this context the group will oversee the evolution of capital projects from inception to completion and ensure that the necessary steps are taken to deliver projects effectively and efficiently and in line with the Council's objectives



Capital Programme Processes

10. As well as the Capital Appraisal Pack mentioned above all capital programme matters are covered in a [web based capital programme manual](#) . This sits alongside other capital programme related material such as the programme itself, standard forms such as the CPR1, project appraisal forms and review timetables.



Strategic Setting – How the Strategy ties into the Council’s objectives.

The Council’s Community Plan describes how the Council identifies issues and what actions are required to address needs. Within the plan are the Council’s objectives and this section of the Capital Strategy shows how those objectives are being met and how they will be met in the future.

Helping People Reach Their Full Potential

Children and Young Persons (CYPS).

The Education Department together with Children’s Services from Adult Services and our local Connexions, from April 2006, became Children & Young People’s Services (CYPS). The objectives of the service are: -

- be healthy;
- stay safe;
- enjoy and achieve;
- make a positive contribution; and
- achieve economic well-being.

In furtherance of these objectives, the assets of the service are of key importance. To ensure the most effective use is made of limited resources the Education Asset Management Plan (EAMP), cited as an example of best practice by the DCSF, is used to inform the capital expenditure response to its 2 strategic issues: -

- *Backlogs in repairs (£56.2million as at 1st April 2007)*
Addressing the backlog of condition in schools continues to be a challenge although good progress has been made in the last 2 years which has seen a reduction of £11million in the value of the backlog. Collaborative working with schools and partners needs to be maintained to maximise funding streams and achieve best value solutions. Schools are being encouraged to improve and develop their stewardship of their buildings. Current allocations of funding from DCSF will not address the condition backlog quickly. The level of condition backlog requires a strategic approach, the aim of which is to make the most impact on pupils and standards by removing condition issues either by targeted repair or disposal and new build. Each year the Council provides significant repair and maintenance resources (in 2007/08 some £2.0m as a part of the fair funding for schools agreement plus £1.1 million of capitalised repairs) in support of the condition issues highlighted by EAMP.
- *Under-Occupancy.*
A Best Value review of the process of managing surplus places has been undertaken and an improvement plan with rigorous targets has been set in place to ensure that surplus places in schools are monitored and managed.

In 2004, for the first time in many years, the intake into secondary schools fell. This trend in numbers is predicted to continue into the foreseeable future. Wigan has been placed in Category D of the Building Schools For The Future (BSF) initiative. It

has been awarded One School Pathfinder in advance of the programme to fund one new secondary school, which will be completed by 2009 . Imaginative solutions will be needed to address surplus places in secondary schools. A joint procurement strategy for BSF is being developed with an adjoining Local Authority. There is an opportunity to significantly improve the Council's secondary school asset base via this initiative

Wigan has also been successful in securing a Pathfinder Primary Capital Bid. This amounts to £6.3 million in advance of allocations to Local Authorities in 2010.

The EAMP continues to be the strategic management document that links local priorities and national strategies. The Statement of Priorities and Local Policy Statement in the EAMP gives details of these objectives. Recently these statements have been combined within Wigan's Strategy for School Places & Buildings.

In the 2006 Joint Area Review, Wigan's services to children and young people were judged to be good overall, with excellent capacity to improve.

Economic Regeneration

In order to elevate Wigan from its position as the 53rd most deprived area of the country, the Economic Regeneration Strategy has the vision that “before the year 2020, the borough will be one of the best places to live and work with access to all the North West has to offer; a prosperous community of skilled people and successful businesses”.

The Council's Economic Regeneration Office (ERO) is engaged in delivering this vision through the six drivers:

- Building competitive business
- Attracting and retaining investment, visitors and talent
- Creating world class skills
- Achieving economic inclusion
- Ensuring the best transition to working life for all our young people
- Securing a modern, integrated and efficient transport infrastructure.

Currently the ERO deliver and manage 6 externally funded regeneration programmes; 3 of these have a major theme of helping people. Spend in the current financial year for these programmes is estimated to be in excess of £ 10m. For the past 6 years much of the regeneration work undertaken in the Borough has been funded from Europe (under ERDF & ESF) and from the North West Development Agency (NWDA). However, by 2008, ERDF & ESF funding will be significantly reduced. NWDA funding, together with funding from the other strategic investors including Job Centre Plus and the LSC GM will therefore become more critical for Wigan if it is to achieve its regeneration objectives.

Adult and Health Services

The Commission for Social Care Inspection (CSCI) has awarded Adult Services a good two stars rating with promising prospects for improvement, which places the Council in a high position nationally. Adult Services has a significant weighting in the Council's overall CPA assessment and this is important in terms of resource prioritisation.

During 2007 Adult Services has completed its Commissioning Strategy for Health & Wellbeing which sets the framework on how it intends to develop services over the next 5 years and beyond. The Strategy is based on the aims and objectives set out in the Governments Your Health, Your Care, Your Say, which sets the future vision of how social care and health services should be brought closer together. This determines the context in which the Adult Services is likely to impact on the Council's Capital Strategy.

In terms of the Commissioning Strategy the Adult Services is moving progressively away from a direct provider of services towards a commissioner of externally provided services. This means working in partnership with external organisations and other departments of the Council to create the conditions which facilitate capital developments to take place rather than seeking capital resources for the construction of Council owned capital assets.

In the context of the move to more externally commissioned services Adult Services will be reviewing its existing in-house provision and particularly where value for money is an issue, will be considering future delivery options, which may result in some release of capital assets. It may however, be seeking to use some of the resource release to facilitate developments in conjunction with external partners, where this is appropriate, for example, Extra Care Housing.

Extra Care Housing provides an alternative to residential care and is a method of service delivery which is gaining momentum nationally as a consequence of the benefits, and is an area which the Council wishes to develop. In terms of taking this initiative forward there is a bidding process for resources, in which the Council would look to work with an external provider to secure a successful bid outcome. From experience elsewhere, it is likely that in order for Extra Care Housing to be developed, land would need to be made available to prospective partners, which would impact on Council capital resources.

Through the release of capital assets Adult Services will also be seeking support to translate such release into an appropriate revenue stream to facilitate other service changes. One example of this would be to participate in future NHS LIFT developments which will improve integration of services with the NHS.

In a broader context discussions are taking place with Ashton, Leigh and Wigan PCT on the possibility of a Single Commissioning Agency for the borough which would enhance the level of integration of services between the Council and the NHS. This may have future capital implications, though these are not identifiable at this stage.

Disabled Persons Adaptations remains an important aspect of the service and there are significant performance expectations in respect of the service. We shall therefore be seeking continued investment in this area by the Council, which is also an important aspect in enabling people to achieve or retain independence and integrated services with health.

Assistive Technology is a related area which is becoming an increasingly important enabler in retaining people's independence. The Government has provided a grant for two years to enable authorities to pilot assistive technology, though there is no commitment so far beyond this. This is an area which, dependent on the outcome of pilots, Adult Services may be looking to progress, which may have future capital implications.

The quality of office and other accommodation within Adult Services is generally not of a good standard and impacted by the limited resources available through the Corporate Property Maintenance fund. Adult Services will not seek resources separately to deal with these issues though will be looking to the Council's developments on the Joint Service Centre and associated hubs and the Accommodation Review to deal with these issues. This will need to be considered in the context of closer future integration with health partners on commissioning.

The Adult Services Department has been successful in attracting a number of external sources of funding for specific capital projects, particularly around IT, and will continue to pursue any opportunities available in whatever areas appropriate.

In summary the Commissioning Strategy for Health & Wellbeing sets the framework in which capital resources are likely to be impacted upon, to be seen in the context increasingly of Adult Services as a commissioner of services from external partners, with close linkages to health. This also highlights that the arena of social care and health is a volatile and evolving environment, which will need to be kept under review, in terms of capital resource implications.

Building strong communities

The Council's response to this objective is achieved through a combination of its revenue activities and very often as a secondary outcome the primary capital responses to the Council's other 2 strategic objectives. For example investment in a school has as its primary objective *helping people reach their full potential* but there is little doubt that this also contributes to the objective of *helping create strong communities* as well as *helping to create places people want to live*. Appendix 1 illustrates the way in which capital projects contribute towards this objective.

Economic Regeneration

The North West Coalfield Communities Regeneration Programme (NWCCRP) and the Neighbourhood Renewal Fund are two programmes that address this theme. Capital spend on these, this year, will be £1.97m. A submission for the extension to the NWCCRP seeking a further three years' funding from April 2008 has been made to the NWDA.

The Council in conjunction with Public and Private Sector Partners has embarked upon plans to redevelop the former Bickershaw Colliery Site in Leigh. This has the potential to be a very significant development with Council Land acting as a catalyst.

Helping to create places people want to live.

Housing

The housing contribution to the Community Plan is principally concerned with achieving the aim of "People living in decent affordable homes of their choice". This is taken forward by the overall Housing Strategy and its associated documents which are developed by the Housing Partnership. These strategies set out policy direction and have Action Plans which are measured and reported.

Whilst these aims are fulfilled in a variety of ways, capital investment is a key contributor to many aspects of the strategy. These broadly relate to investment

within Wigan's housing stock, its environment and increasingly in developing affordable homes. The source of this funding varies with significant programmes being financed from the Council's own resources and other funding being sought from other sources.

Public Sector Housing

Wigan and Leigh Housing Company, the Council's Arms Length Management Organisation (ALMO) will improve the decency standards of the council's 23,000 by 2010 utilising £137 million government borrowing consents and the Major Repairs Allowance. The improvement programme was devised and shared with all tenants and has seen kitchens, wiring, roofing, external structural repairs and insulation improvements on properties, plus environmental and security works on the estates to improve both appearance and well being. The work was run on an Egan principled partnering basis judged by the Housing inspectorate to deliver a high quality service with efficiency savings of over £8m ensuring value for money.

In autumn 2007 a 10% Stock Condition Survey is being undertaken that will validate the works carried out so far and provide up to date data to produce an asset management and procurement strategy directing mainstream resources to maintain the 23,000 houses as well as to try to meet tenants' aspirations. This will be delivered utilising evaluate 'open book' principles that should identify cashable benefits over the contract period and help ensure the capital-funded improvements are sustained.

The major contamination problem discovered at Ince is being addressed by a phased programme of remediation that is expected to continue until 2009. Funding from Defra has been secured to cover the majority of costs of the early phases and bids have been submitted for later phases. There remains however the potential for this to impact upon the Council's capital resources.

Private Sector Housing

Council resources have also been committed to improving the private sector housing stock. They are targeted at the most vulnerable and we can evidence major improvement in this area via a series of stock condition surveys. For example the borough had relatively poor housing conditions in 1996, but by 2005 we already met the government target of 70% of vulnerable people living in a decent home.

Investment in improving neighbourhoods is also vital if progress is to be made on improving people's perception of their area and in trying to balance local housing markets. As a result, major investment has been made in "block improvements" supported by environmental improvements and such initiatives as alley gating. This has been successful within a targeted regeneration approach and is currently the centrepiece of our overall private sector strategy.

Capital resources have also been committed to providing adaptations for the most vulnerable in liaison with Adult Services. We are also proactive in ensuring vulnerable people are aware of and take up government insulation / heating schemes.

The Green Paper and Affordable Homes

Over the past few years the local housing market has changed considerably with Wigan moving from a situation of housing surplus to one of overall shortage. As a result an Affordable Housing Strategy was developed last year that sought to target this growing problem. It attempts to do this by maximising the use of the existing stock and by introducing an Affordable Housing Planning Policy which generate resources via Section 106 agreements. These resources will need to be targeted at affordable housing and are additional to current resources. They will however affect capital receipts from Council owned land.

The recent Housing Green Paper has reinforced this position, emphasising the need for more housing to overcome housing shortages, including affordable housing production. In an effort to address this issue the Council are now working with partners including Wigan & Leigh Housing to try to combine Council affordable housing resources with additional Housing Corporation / RSL grant to maximise our response.

Conclusion

It is likely that in the future direct Council investment to improve our existing housing stock will diminish, but opportunities to invest in new housing will increase. The real test will be to ensure that this investment not only delivers the new homes, but is also directed to help regenerate the borough and be transformational in many of our poorer communities.

Economic Regeneration

Impact against this strategic objective will be achieved in the Economic Regeneration Development plan, driver 1 Building Competitive Business by the following: -

- Development and increased availability of workspace/starter units for businesses with emphasis on knowledge based sector.
- Develop the entrepreneurial culture within Wigan by effectively targeting support to key sectors and areas to enable development and growth activity to take place e.g. inward investment support, assist high growth potential businesses opportunities, create effective links between education establishments and business.
- To increase knowledge of and accessibility to start-up opportunities across all groups within the Borough e.g. promotion of self employment via social enterprises, young people etc.

The Council and its partners continue to make an impact on the local economy thus contributing to the strategic objective of creating places people want to live. Over the years the Borough has been successful in attracting infrastructure funding such as European Regional Development Funds (ERDF), City Challenge and Single Regeneration Budget (SRB). The Neighbourhood Renewal Fund which supports a number of environmental and security initiatives has an allocation of £6.4 m (Capital £980,000) available to Wigan in 2007/08 and we are hopeful that future funding may be announced.

This will complete investment in major projects such as Wigan Pier and Westwood Park. However a major challenge now faces the Council in the loss after 2007 of ERDF grant support.

Approval was secured in 2005 from North West Development Agency to the principle of a major new regeneration initiative – Wigan South Central. No funding is committed as yet but a request has been made to finance the master planning exercise. Wigan was unsuccessful with the Local Economic Growth Initiative, which is concerned with stimulating economic activity and productivity growth through enterprise development, although a further round could be announced following the Comprehensive Spending Review.

The Council is monitoring the possible benefits which may accrue to the Council under the Local Authority Business Growth Incentive (LAGBI) scheme (from April 1st 2005) which will reward economic growth in the borough by increased receipts of funding from the NNDR pool. In the first 2 years of operation Wigan has received £747,741 from the scheme.

The Council's successful delivery of its Local Public Service Agreement (LPSA) will result in the award of performance reward grant over the next few years. In addition the Council also has a Local Area Agreement which will result in delivery of certain targets in return for increased funding.

Highways

Increased levels of Capital Funding to achieve the Government's Ten Year Transport Plan are making an impact locally with noticeable improvements to our roads and footpaths as well as road safety. We have been recognised as a Centre of Excellence for Integrated Transport Planning with the other Greater Manchester Authorities and Greater Manchester PTE, with whom we have a combined Local Transport Plan, for the priority we have given to delivering a sustainable, integrated transport system in the region.

Our other priorities include:

- Implementation of the Wigan Inner Relief Road, to complete the ring-road around Wigan Town Centre, relieving congestion and improving road safety.
- Construction of a cross Borough highway (the A5225) to provide much improved links to the Trunk Road Network and prospects for economic regeneration. LTP funding is not currently available and alternative funding sources are being explored.
- Encouraging people to walk, cycle and use public transport by the introduction of engineering measures and education, marketing and publicity.
- Reducing the number of people killed and injured on the roads of Wigan through a holistic programme of local safety schemes and education, training and publicity.
- Improving roads, footpaths, street lighting and gateways into the Borough which were priorities identified by residents and others in the Street Scene Best Value Review.

Environmental Issues

Waste Disposal

In the medium term the Council will address the issue of residual waste treatment. Options appraisal may identify the need to invest in an Energy from Waste Plant or other appropriate solutions in order to meet both the Council's and the Government's objectives in this area of activity.

Major Projects

The Council has facilitated in partnership with private developers a major redevelopment of Wigan town centre by vacating offices and selling land and multi storey car parks in a poor state. This has transformed the heart of Wigan Town Centre by the creation of 425,000 square feet of new retail space occupied by such high street names as Debenhams, M&S, Next and Principles. The project has facilitated the funding of relocation of Offices for Council Departments displaced by the scheme to a new out of Town location at Westwood Park. This latter development also involved a PPI with the Greater Manchester Property Venture Fund. Phase 2 of the Grand Arcade will see the creation of a mixed use tower development.

Ambitious plans for a new concept in the delivery of education, sport and recreational facilities on a combined site are nearing fruition in the form of the exciting Leigh Sports Village Project. This activity represents a collaboration between the Public, Private and Voluntary Sectors including Wigan & Leigh College and local amateur and professional sporting clubs and the leverage of grant monies from a variety of sources. A 10,000 seat stadium is due for completion in 2008; a replacement Wigan & Leigh College building, a sports hall and pool, athletics facilities, an amateur rugby pavilion and sports pitches are due to open during 2007

The Council has recognised the need to continually upgrade and improve the historic and artistic quarter of Wigan. This has led to the development of a scheme to regenerate Wigan Pier and Trencherfield Mill. The goal is to create an Arts and Heritage Centre and an enhanced Performance Venue at the Linacre Theatre in partnership with Wigan & Leigh College and Wigan Culture and Leisure Trust.

Cultural and Leisure

The main strands to the Culture and Leisure Capital Strategy are play sites, sports centres, parks and countryside sites, libraries and performance venues. The Council, in partnership with the Wigan and Leigh Cultural Trust has re-assessed and re-prioritised service delivery options in its strategic plan "Getting Wigan Active". This plan has at its heart, the aim of improving health via participation in physical activity. In addition, a major re-visioning exercise has taken place which will see re-development of the Wigan Pier Site as outlined above which will facilitate the diversion of funding from current activities to assist improvements in leisure centres and libraries over the period 2005 to 2008.

The development of play facilities in local parks will utilise external funding received via the section 106 process. These receipts are paid by developers building new houses for example to reflect the likely demand of residents for recreational open space and play facilities. This activity will seek to improve community facilities and develop enhanced community ownership.

Supporting the 3 Strategic objectives

Where necessary, appropriate capital investment will be invested in resources which enable the 3 strategic objectives to be delivered. The Corporate Property Strategy and the Information Technology Strategy address major resource improvement areas.

Corporate Property Strategy

The Council has set out its corporate property objectives and assessment of its operational buildings together with a methodology and timetable for developing and implementing a corporate property strategy (CPS) that will seek to reverse the poor performance of its buildings in terms of their suitability, sufficiency and condition.

Within this overarching strategy a Council-wide office accommodation plan is being prepared which will identify office accommodation needs and solutions as part of an integrated planning process being developed by the Council to cover property, staff, ICT and financial resources.

The underlying purpose of the CPS is to ensure that property as a corporate resource is utilised in the most effective, efficient and economic fashion in order that it may effectively contribute towards the pursuit of the Council's objectives. The CPS is intrinsically linked to the Capital Strategy and Asset Management Planning process. This area is particularly suited to solutions which achieve revenue savings via invest to save projects (see prioritisation of capital projects). In order to reduce the repairs backlog on operational buildings (£38million at July 2007) the CPS will target buildings for disposal and perhaps replacement, utilising capital receipts and the corporate property maintenance fund (£4.5million / annum on non education buildings) in the most effective way.

The Council has long been aware of the historical backlog of building maintenance work and with an eye to improving the property performance levels of its Administrative Building Stock is progressing an innovative PFI project (currently in the competitive dialogue phase of procurement) for a new Joint Service Centre for Wigan, which, will transform the ability of our customers to access every possible type of service including Primary Care Trust, Library and Police from a central location. This will meet the objective of effective use of resources whilst at the same time reducing the repairs backlog. In addition this new building will help drive forward the Council's aim of providing customer focused services at a one stop shop with satellite facilities throughout the borough. It is also the catalyst for a fundamental review of corporate office accommodation which will take place in 2007/08 and which will ensure that the remainder of the Council's office provision is efficient, fit for purpose and reflects new ways of working such as hot desking, home and mobile working. This is one of the first steps towards the introduction of a Corporate Landlord approach to property which will enable better strategic property decision making allied to the service delivery requirements of the Council and its partners.

A further strategy for dealing with the property repairs backlog of the Council's leisure assets has been the creation of the Wigan Leisure & Culture Trust. This registered charity continues to make savings on NNDR and VAT, savings that are recycled into an investment fund administered by the Leisure Trust to tackle property suitability gaps.

Corporate Information Technology Strategy (CITS)

Investment in the CITS is assisted by the IT investment account established to ensure a strategic and corporate approach to IT decisions.

In delivering the strategy, the following progress has been made.

Customer Relationship Management (CRM) system. A project has been formed to identify and implement a CRM system for use by Council and its partners in the

future Joint Service Centre (JSC). The CRM system will help to deliver services from a customer centred perspective and will join-up with the strategic service systems already in existence.

Mobile/Remote working. Technology has been acquired that allows connection to the Council's network from any device that will connect to the Internet. Council buildings that receive frequent visitors and workers remote from their usual place of work will be equipped with Wi-Fi technology. Wi-Fi allows approved people to connect to the Council's network and/or the Internet.

Infrastructure Improvements. The Council's Information and Communications Technology (ICT) infrastructure has been steadily improved to include storage area networks (SAN), virtual server technology and voice over Internet protocol (VOIP) phones. Disaster recovery and business continuity facilities have also been improved both by upgrading the Council's infrastructure and by partnerships with specialist companies. The Council's ICT network has been steadily improved to cope with heavier demand from service departments.

Wigan Council Capital Strategy

How the major capital programmes / projects fit with the Council's Objectives

Capital Programme Area	Helping people reach their full potential	Building strong communities	Places people want to live
Environment (Other)			
Vehicle Replacement Programme	1	1	3
Sandyforth Farm Project		1	3
Amberswood Landfill Site Project		1	3
Housing			
ALMO Housing Improvement Programme (HRA)			3
Slum Clearance		1	3
Home Improvement Grants		1	3
Renewal Area Activity		1	3
Adult Services			
Disabled Persons Adaptations	3		
Adult Services ICT Strategy	3		
Mental Health Projects	3		
Improving Care Home Environments	3		
Major / Corporate Projects			
Leigh Sports Village	3	1	1
Westwood Regeneration	3	1	1
The Grange Community Centre	1	3	1
Markets Improvement Plan		3	1
Regeneration			
Trencherfield Mill Redevelopment	1	1	3
Arts & Heritage Centre	1	3	1
Linacre Theatre	1	3	1
SRB 5/6	1	3	1
Regeneration Fund Programmes	1	1	3
Cleaner, Safer, Greener Project	1	1	3
North West Coalfields Project	1	3	1
Economic Development Zone Projects	3	1	1
Cultural Services			
Playing Field Developments	1	1	3
Play Area Developments	1	1	3
Pennington Flash Visitor Facilities	1	1	3
Mesnes Park Restoration Development	1	1	3
Sports Centre Development	3	1	1
Children & Young People			
Primary Capital Pilot Scheme	3	1	
Schools Access Initiative	3	1	

Capital Programme Area	Helping people reach their full potential	Building strong communities	Places people want to live
Special School Provision Schemes	3	1	
New Deal Schemes	3	1	
Pathfinder 1 Projects	3	1	
Basic Needs Projects	3	1	
Devolved Capital Community Schools – assisting with condition issues	3	1	
Children’s Centres – Phase 2 Projects	3	1	
Condition / Modernisation Projects	3	1	
New Opportunities Funding for PE & Sport	3	1	
Environment (Roads)			
Local Safety Schemes		1	3
Township Improvements		1	3
Pedestrian Schemes		1	3
Cycling Schemes		1	3
Travel Plans		1	3
Public Transport		1	3
Structural Maintenance			3
Local Transport Plan		1	3
	67	52	76

How the table works :

The major programmes and projects are listed by service area on the left-hand side. Across the table are the council's 3 strategic objectives. A score of 3 is given to the objective if that is considered the main objective behind the project. If the objective is secondary to the project a score of 1 is given.

Commentary on Table :

This rudimentary view of the council's capital programme's fit with the its strategic objectives shows that many capital projects fit with more than 1 of the objectives and often with all. This is to be expected and demonstrates that the programme is in line with council objectives. It may suggest that from the capital point of view the council is concentrating to a greater degree on the 3rd objective than the 1st and 2nd. In value terms this is confirmed.



Capital Programme in context

With a population of over 300,000 and covering 77 square miles (3/4 of which is green space), Wigan Borough is a collection of towns and villages with Wigan and Leigh the two largest conurbations. Wigan Borough has an excellent strategic location lying midway between Manchester and Liverpool in the North West of England.

On the West side of the Borough is the M6 motorway, with Wigan having 4 exits. Bordering the South of the Borough is the A580 (East Lancs Road) and the M61, M62, M58, M65 and M56 are all relatively easy to access. The main West Coast railway line from Wigan Town Centre provides direct access to London and Scotland and a second regional station provides links to Manchester and Liverpool. Both Manchester and Liverpool Airports can be reached within thirty minutes drive time.

The Borough has a strong and diverse economy with 5,000 businesses involved in a variety of sectors including a growing service sector. Many national and international companies are located in the area including Tote Sport, Alliance and Leicester and HJ Heinz. Wigan is also the corporate home to many well known companies including Allenbuild Commercial Developments, JJB Sports, Pataks (Foods) Ltd, Hitchen's Foods and Shearings Holidays Ltd.

A vital factor in Wigan Borough's changing image is its outstanding natural heritage including almost 60 square miles of green space, waterways and stunning scenery. Haigh Country Park, Pennington Flash Country Park and Wigan Flashes are three major areas in the Borough renowned for their natural beauty and tranquillity. The Borough's sporting image is enhanced with Robin Park Arena and Sports Centre, which offers excellent facilities for such sports as athletics, gymnastics, cricket and tennis. Wigan Warriors Rugby Club and Wigan Athletic FC, share the 25,000 seater JJB Stadium, which also located at the Robin Park Complex. The stadium has quickly become a landmark feature and is an excellent example of public/private sector partnership.

To the East of the Borough, close to the A580, plans to create Leigh Sports Village which will include a new 10,000 seat sports stadium, offices, retail, sports recreation and leisure development, are well under way.

Deprivation

In spite of cross cutting activities to improve the economy, regenerate neighbourhoods, reduce crime and increase educational attainment, deprivation remains a significant problem in the borough.

A number of relevant statistics are as follows :-

Wigan is the 53rd most deprived local authority in England – in relative terms Wigan is slipping down the list (2 years ago it was only the 63rd)

Wigan has high levels of deprivation on all five of the deprivation indicators; however the Borough performs particularly badly on both employment deprivation (11th highest in the North West) and health deprivation (10th highest in the North West)

Wigan has a high proportion of the working age population who receive Incapacity related Benefit. As of November 2004, the figure stands at 22,400.

Wigan ranks 328th for education and skills out of 408 British local authorities. In the context of its comparators, only Liverpool has a lower score.

Asset Base

The Council's assets (including schools, council houses, offices, vehicles, plant and equipment) were valued at over £1.3 billion as at 31st March 2007. Much of the effort of the Corporate Property Strategy, the Housing Strategy and the Education Plan is directed towards the maintenance and rationalisation of this asset base with the objective of delivering the most effective use of the property resource. The table below shows the assets which the council owns as at 31st March 2007.

	Number
Council dwellings	23,093
Operational buildings	
Town Hall/Offices	9
Other District Offices	35
Adult Services Homes & Hostels	8
Sports Centres / Stadium	2
Swimming Pools	3
Libraries	14
Nurseries	2
Primary Schools	34
Secondary Schools	14
Special Schools	8
Depots	3
Surface Car Parks	56
Multi-storey Car Parks	4
Cemeteries	9
Crematorium	1
Operational equipment	
Vehicles	68
Infrastructure assets	
Highways (km)	1,100
Footpaths & Bridleways (km)	476
Community Assets	
Parks	34
Playing Fields/Recreation Grounds	30
Allotment Sites	8
War Memorials	5
Art & Artefacts (items)	693
Civic Regalia (items)	3



Capital Programme 2007/08 to 2010/11

Over the period 2007/08 to 2010/11 the capital programme is programmed to spend around £380 million investing in the fabric of its assets as well as providing grants to businesses and grants for disabled persons' adaptations and renovation grants. This stark statistic underlines the importance of the Capital Strategy in helping to deliver the Council and its partners strategic objectives. Over the page is a table showing the spending plans and also a table which shows how the programme is resourced.



Summary Capital Programme 2007/08 to 2010/11

Panel	Total Cost	2007/08	2008/09	2009/10	2010/11
	£000's	£000's	£000's	£000's	£000's
Housing (HRA)	82,400.0	26,300.0	21,400.0	20,600.0	14,100.0
Housing (Other)	27,505.8	7,990.3	7,308.5	7,207.0	5,000.0
Total Housing	109,905.8	34,290.3	28,708.5	27,807.0	19,100.0
Environment (Roads)	56,939.7	8,767.6	9,450.0	18,764.0	19,958.1
Environment (Other Services)	14,090.3	5,266.0	3,979.0	2,420.2	2,425.1
Total Environment	71,030.0	14,033.6	13,429.0	21,184.2	22,383.2
Children & Young People	106,331.6	18,452.7	36,785.2	28,065.4	23,028.3
Culture	4,589.7	449.7	2,329.0	1,811.0	0.0
Adult Services	12,574.4	3,933.3	3,299.1	2,771.0	2,571.0
Regeneration	34,920.1	10,768.3	17,427.1	5,458.7	1,266.0
Corporate	41,091.1	25,347.7	8,943.4	3,400.0	3,400.0
TOTAL - All Panels	380,442.7	107,275.6	110,921.3	90,497.3	71,748.5

Resources Supporting the Capital Programme 2007/08 to 2010/11

Resource	Estimated 2007/08	Estimated 2008/09	Estimated 2009/10	Estimated 2010/11
	£000s	£000s	£000s	£000s
BORROWING	6,662.0	10,910.3	3,068.7	10,425.3
CAPITAL RECEIPTS	34,767.5	21,663.8	16,423.0	6,095.3
CONTRIBUTIONS	5,421.3	7,393.3	3,391.4	1,859.0
GOVERNMENT GRANTS	32,270.2	46,706.2	45,578.4	37,819.9
OPERATING LEASE	3,359.3	1,350.0	1,350.0	1,349.0
REVENUE FUNDING	9,356.3	8,050.4	6,000.0	0.0
RESERVES	16,329.3	13,600.0	13,900.0	13,500.0
TOTAL RESOURCES	108,165.9	109,674.0	89,711.5	71,048.5
Net Resource Position	890.3	-1,247.3	-785.8	-700.0
				-1,842.8

**Deficit Resources
projected at 31st March
2011.**

Appendix 4

Ringfencing of Capital Receipts – Strategy for deployment approved by Cabinet 17th February 2005.

There has been a tendency over the past few years for projects to proceed on the basis that capital receipts are ringfenced for the exclusive use of a particular project. This impacts on the overall level of available receipts to finance those programmes mentioned above. With this in mind a set of principles which follows the existing growth bid criteria has been agreed by Chief Officers, and Cabinet is requested to endorse these.

Decisions on allocation of receipts to new schemes should be based upon the following criteria :-

- Allocations which are essential to meet Council objectives and initiatives.
- Allocations which would improve service performance as measured by performance indicators.
- Matched funding to support specific Government allocations.
- Allocations which can be demonstrated to be self financing by for example the reduction or elimination of future maintenance liabilities.
- Allocations of part of the proceeds of a sale to generate a larger total receipt.
- Allocations which provide a proportionate compensatory local benefit for the loss of a local amenity as a result of the sale.
- Allocations which promote the generation of income for the council or protects our existing income base
- Allocations which support the social, economic and environmental well being of the area which provides significant pay back relative to the amount invested.

Any proposals to utilise capital receipts for new projects will be discussed with representatives of the Chief Executive, Director of Legal and Property Services and Director of Finance and IT before they are submitted to Cabinet or consultation with local Ward Members. Prior to consideration of the project, Cabinet will be informed of the overall basic target for general receipts for the programme period and given an indication of the schemes that will not be deliverable if the capital receipt target is not reached.