



Wigan Council Capital Strategy

Foreword by the Leader of the Council

Economic Context for the Capital Strategy in 2009

As the National and Local economies move from a period of buoyant activity to a potentially damaging recession the Council as both a key facilitator and stimulator of the economy has an important role to play. Decisions taken at this time will determine whether Wigan as part of the Manchester City Region (MCR) is able to recover more quickly than other places and attract business which will help to create sustained economic well being in the Borough. The role played by Wigan as part of the MCR is something which is influenced in part by its Capital Strategy. In this regard the interplay and ultimate balance between the Council's major funding streams is closely monitored to ensure both an effective response to current conditions and also effective planning for the future by investing in regeneration projects such as Building Schools for the Future, Affordable Housing and Infrastructure improvements. Therefore the challenges presented by the current economic climate have if anything increased the importance of the framework provided through the Capital Strategy.

Like all Local Authorities, the Council faces increasingly difficult decisions with regards to the capital investment of its scarce resources. A major funding source of the Council's capital investment is receipts from the sale of land and buildings - capital receipts. These have reduced significantly in both value and quantity as a consequence of current economic conditions. However whilst the recession has depressed the value of Wigan Council land holdings and therefore reduced the scope for realisation of capital receipts this actually creates an opportunity and a driver for the use of Council land via partnerships which the Council will pursue with investors, businesses and government agencies to combine resources in the most effective way.

Wigan Council Context

The Council's Capital Strategy represents its investment in the future of the Borough. With a programme of £340m between 2008/09 and 2011/12 it will have a significant effect on local people and the places they live.

The Council continues to have three strategic 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 its details 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, housing, 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 2011/12. 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 Authority's Senior 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 two high priority rolling programmes, capitalised repairs and disabled persons adaptations as well as any emergencies which may arise. The present economic climate however, has significantly restrained the level of resources that the Council is able to generate locally.

Prioritisation of the use of any 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 support for committed projects in lieu of capital receipts, which have been delayed or where the value of the receipt has reduced below that anticipated due to current economic conditions.

Government supported borrowing

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. Cabinet reaffirmed in January 2009 that they wish to continue to use these resources as intended by government.

Government Grants

These tend all to be for specific purposes and therefore are used to support the spending programmes for which they were approved.

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.

However, as an effect of current economic conditions, the level of capital receipts available has reduced substantially. The inability of buyers to secure mortgages have impacted upon Council House Sales, whilst the falling value of land has resulted in the Council choosing not to proceed with the disposal of surplus assets.

Capital receipts have effectively been used to 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 loss of capital receipts means that the Council faces difficult decisions with regards to the use of it's scarce capital resources, guided through the appraisal process detailed within this strategy document. There is reduced scope for including new projects, which do not bring with them sufficient resource to cover for their completion.

The Council continues to have a policy on earmarking any capital receipts that become available (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. These resources support the more specific resources outlined above.



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)

Criteria	Scoring
Efficiency	<p data-bbox="651 230 1324 293">Does this project lead to greater Council or Partner efficiency ?</p> <p data-bbox="826 331 1157 365">Score (5 = High, =1 Low)</p>
Risk	<p data-bbox="643 398 1337 461">What risk impact does the non delivery of the project have (1, low, 2, medium, 3, high) multiplied by</p> <p data-bbox="643 499 1345 562">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: -

- exploration of regeneration opportunities based on partnerships which allow the Council to facilitate as well as engage in capital investment
- 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, although the attractiveness of such opportunities are likely to be limited within the current economic climate on the basis of value for money.



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 Head of Finance which feeds into the reporting of overall financial strategy into the Authority's Senior Management Team (SMT) 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 eliminating potential cost overruns before reporting to SMT 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.



The Capital Strategy Management Group (CSMG)

9. This group, chaired by the Head of Finance and consisting of senior officers, manages the Council's capital strategy. The group meets every 6 weeks 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)

Children & Young People's Services Department (CYPS) has the following objectives:-

- 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 (£57 million as at June 2008)*
Addressing the backlog of condition in schools continues to be a challenge, although good progress has been made in the last two years which has seen a reduction in 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 2008/09 some £1.7 m as a part of the fair funding for schools agreement plus £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. Imaginative solutions will be needed to address surplus places in secondary schools. One major

opportunity to improve the Council's secondary school asset base will be through the Building Schools for the Future (BSF) programme.

To develop the BSF initiative the Council is currently engaged in the procurement of a joint LEP (Local Education Partnership) with Salford City Council. It is anticipated that a preferred partner will be appointed in early summer 2009 following which the LEP would be established in autumn 2009. This joint procurement arrangement has significant benefits for both Councils and the LEP through continuous improvement, joint KPIs, joint use of resources and provides for value for money. A further benefit is the potential to bring the Council in to an earlier BSF Wave as to that originally envisaged.

The Council has already been awarded One School Pathfinder in advance of the main BSF programme to fund one new secondary school, which will be completed by 2010.

It 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 67th 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".

ERO deliver and manage 5 externally funded regeneration programmes; 3 of these have a major theme of helping people. 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 2009 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.

Wigan has high levels of worklessness and low levels of enterprise, both in comparison to regional and national levels. In recognition of this the Department for Communities and Local Government awarded £21 million of Working Neighbourhood Funding to Wigan for the borough to tackle worklessness, low levels of skills and enterprise in the most deprived areas.

The Worklessness Strategy was developed by the Economic Regeneration Office in 2008 to identify the priorities for tackling worklessness in the borough and guide the delivery of the £21 million Working Neighbourhood Fund. The priorities identified in the strategy are:

- **Priority 1** – Reduce overall levels of worklessness in the deprived communities;
- **Priority 2** – Reduce the number of people claiming Incapacity Benefit due to mental health issues across the Borough and;
- **Priority 3** – Reduce the number of young people (under 25) claiming Incapacity, Job Seekers Allowance and Lone Parent benefits.

Wigan Economic Partnership is responsible for the co-ordination, development and delivery of the strategy and the Economic Regeneration Office is responsible for the programme management of the Worklessness Strategy and Working Neighbourhood Fund.

Adult Health and Wellbeing

In line with the thematic partnerships established as part of the reconfiguration of the Local Strategic Partnership structure the capital strategy is considered from the Adult Health & Wellbeing perspective.

The Commissioning Strategy for Health & Wellbeing, which was completed on 2007, sets the framework on how it intends to develop services up to 2012. 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. The Commissioning Strategy will be refreshed during 2009 to take account of the impact of the Social Care Transformation agenda, as set out in the 'Putting People First' concordat and the establishment of the Single Commissioning Agency in Wigan. 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 this context Adult Services is 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. Where this occurs, however, 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, and other service changes.

Extra Care Housing provides an alternative to residential care and is a method of service delivery which is gaining increasing profile nationally and is an area which Adult Services is keen 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.

The Single Commissioning Agency between the Council and NHS Ashton Leigh & Wigan was established in 2008 and is currently operating in shadow form. Integration plans will be developed further in 2009 through the firming up of

organisational structures and the in consideration of the objectives of World Class Commissioning. These developments may have future capital implications, though these are not identifiable at this stage.

Aids & Adaptations for disabled persons remain a key enabler in retaining people's independence and there are significant performance expectations, which are expected to continue with the introduction of the Care Quality Commission as the new social care regulator in April 2009. The provision of Aids & Adaptations is generally a cost effective alternative to residential care provision as well as maintaining service user independence. There are increasing demand pressures in this area and the Council will via the Capital Strategy Management Group explore ways in which funding can be matched to need.

Assistive Technology is a related area which is becoming an increasingly important enabler in retaining people's independence. The Government provided a grant for two years to enable authorities to pilot assistive technology, though this has now ended. Some funding has been carried forward, though any future investment will require additional funding.

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.

Conclusion

The Commissioning Strategy for Health & Wellbeing sets the framework in which capital resources are likely to be called upon, though this will be significantly affected by the twin developments of Social Care Transformation and the Single Commissioning Agency. The incorporation of the Leisure client role into Adult Services is also a significant step in the development of the broader Adult Health & Well Being agenda and each of these developments represent an evolving picture, which will need to be monitored in terms of future 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 Council in conjunction with the Homes and Community Agency and Private Sector Partners has embarked upon plans to redevelop the former coalfield site in the east of the borough. Northleigh is a major regeneration opportunity and has the potential to provide an 80 hectare mixed use regeneration programme including new energy efficient homes, significant local employment opportunities all within a high quality environment.

Helping to create places people want to live.

Housing

The housing contribution to the Borough Sustainable Communities Strategy Vision 2026 is principally concerned with achieving the priority of Ambitious Communities although it contributes to others such as Stronger Communities and Living Healthier. This is taken forward by the new Housing Strategy and its associated documents which are currently being consulted upon and finalised. These have been developed in liaison with all partnerships, stakeholders and via discussions with residents. It is overseen by the Economic, Environment, Culture and Housing Delivery Partnership with most actions implemented by the Housing Partnership itself. These strategies set out policy direction and have Action Plans which are measured and reported. The new emphasis is within the three themes of Quantity, Quality and People all fixed at achieving a long term transformational vision and how we can build towards these within shorter term action plans.

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 agencies such as the HCA .

Public Sector Housing

Wigan and Leigh Housing Company, the Council's Arms Length Management Organisation (ALMO) will have improved the decency standards of the vast majority of the council's 23,000 properties by 2010. The tenant approved improvement programme 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. Efficiency savings of over £12.268M were achieved between 2004/05 and 2007/08, giving value for money and better quality of life on the estates. Forecasted cash-releasing gains are currently estimated to be achievable in 2008/09 totalling £0.440M.

A Stock Condition Survey has validated the works and provided the data to produce an asset management and procurement strategy to direct resources to maintain the properties as well as to try to meet tenants' aspirations. This will be delivered utilising 'open book' principles that to 2007/08 have identified cashable benefits of £0.4K and forecasted cash-releasing savings of in 2008/09 of £251K. This will enable the capital-funded improvements to be sustained into the medium term.

The phased programme of remediation in response to the major contamination problem discovered at Ince is nearing completion. Funding from Defra has been secured to cover the vast majority of costs of all the phases. There remains however the potential for an impact upon the Council's capital resources and this has been included in the programme.

In addition Wigan and Leigh Homes have been approved by the Homes and Communities Agency to both run and develop new socially rented homes.

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.

Affordable Housing

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 has been developed. This has sought to address the problem in a wide ranging way from maximising the use of the existing stock, from a Housing Planning Policy and by seeking outside funding from agencies such as the HCA. Additionally the Council will directly contributed via the provision of land, prudential borrowing and via the capital programme to develop in excess of over a hundred properties for rent. Part of this involves a Wigan and Leigh Housing bid to the HCA to build initially 52 new units and if this is successful further developments are being prepared

Recent Recession

The housing market has fundamentally changed in recent months due to the credit crunch and now the recession. The Council has reacted to this in a number of ways most of which involve partnership working and day to day activities involving the prevention of repossessions, better advice provision and working with the private sector. However it is hoped that some initiatives involving capital expenditure aimed at encouraging properties back into use will be implemented. This will be aimed at the growing problem of long term empty homes in the private sector.

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 the Building Strong Communities objective will be achieved in the Economic Regeneration Development plan, driver 1 Building Competitive Business and through the Worklessness Strategy 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). 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 2008 of ERDF grant support through the 2000 – 2006 programme. Opportunities do exist to further bid for ERDF within the 2007 – 2013 programme but within a regional and sub-regional context with greater competition for resources and less certainty.

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 masterplan has been developed and discussions remain ongoing to secure investment for delivery.

The Council is monitoring the possible benefits which may accrue to the Council under the Local Authority Business Growth Incentive (LAGBI) scheme which rewarded economic growth in the borough by increased receipts of funding from the NNDR pool. The resources received under this initiative have helped fund projects such as Westwood Park.

The Council's successful delivery of its Local Public Service Agreement (LPSA) has and 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:

- Addressing congestion at Saddle Junction
- 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. An updated Waste Strategy is in the process of being approved by the Council to increase recycling rates for the Borough, in response to both the Council's and the Government's objectives in this area of activity. The longer term impact of the cost of landfill tax and LATS (Landfill Allowance Trading Scheme) is being taken forward by a Project Team led by the Council's Environmental Services Department.

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 and Next. 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.

The Council continues to work with its private sector partners towards the development of a Joint Service Centre (JSC), to be located within the town centre. The facility will make a huge difference to the way the Council provides its services, allowing a more joined-up way of delivery that focuses upon the needs of customers. The JSC will incorporate a one stop shop for accessing a whole range of public services, a new state of the art library, swimming pool and gym, whilst also providing a Neighbourhood Zone bringing together the agencies involved in environmental and community protection including the Council, police, fire and voluntary sector.

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. The majority of the public sector works at LSV are now complete, offering a new 10,000 seat stadium, a replacement Wigan & Leigh College building, a sports hall and pool, athletics facilities and sports pitches. The Council's private sector

partner is continuing to look to develop schemes on site, most notably the possible development of a supermarket.

Cultural and Leisure

The Council and the PCT share an executive Director of Health and Well Being who is responsible for the procurement of services from Wigan Cultural and Leisure Trust. This organisation delivers many of the public Leisure Facilities and services in the Borough.

The main strands to the Leisure and Culture Capital Strategy are play sites, sports centres, parks and countryside sites, arts and heritage venues, libraries and crematoria. The Council, working in partnership with Wigan Leisure and Culture Trust, has re-assessed and prioritised service delivery options in the context of both the Trust's strategic plan entitled "Getting Wigan Active" and the developing cultural agenda with the aim of getting Wigan active and improving people's lives.

The Trust has a good track record of attracting external funding to support leisure and culture capital schemes, the latest example being funding in excess of £7m to support the Mesnes Park restoration project. This project is designed to restore the park, which is on the register of Historic Parks and Gardens, to its former glory. It will take up to five years to complete and is a major plank in the cultural strategy.

The development of play facilities throughout the borough has in the past been facilitated through external funding received from developers through the section 106 process. For expenditure in 2009-2011, this funding has been supplemented by £2m of government funding, Play Pathfinders. This additional funding will significantly improve provision throughout the borough.

Three large projects that need to be addressed in the next few years will become the main strands of the culture capital programme and will be assessed by the Capital Strategy Management Group; the replacement of the cremator, the restoration of the Haigh site and the restoration of the Turnpike Centre.

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 (£34million at July 2008) 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 acted as the catalyst for a the fundamental review of corporate office accommodation identified above 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 it's 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
Housing			
ALMO Housing Improvement Programme (HRA)			3
Slum Clearance		1	3
Home Improvement Grants		1	3
Renewal Area Activity		1	3
Ince Contaminated Land		1	3
Adult Services			
Disabled Persons Adaptations	3		
Adult Services ICT Strategy	3		
Mental Health Projects	3		
Major / Corporate Projects			
Leigh Sports Village	3	1	1
Westwood Regeneration	3	1	1
Borsdane Precinct Development		3	1
Markets Improvement Plan		3	1
Joint Service Centre		3	1
Regeneration			
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			
Play Area Developments	1	1	3
Pennington Flash Visitor Facilities	1	1	3
Mesnes Park Restoration Development	1	1	3
History Shop Development	1	1	3
Children & Young People			
Primary Capital Pilot Scheme	3	1	
Beech Hill New School	3	1	
Wilding St New School	3	1	
Schools Access Initiative	3	1	
Target Capital Fund	3	1	
ICT – Harnessing Technology	3	1	
Exceptional Funding – School Kitchens	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	
Pathfinder 1 Projects	3	1	
Hindley Green	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	
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

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 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 is 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 are now near completion. The Village offers a new 10,000 seat sports stadium, which provides a home for both rugby league and football in Leigh, along with various office and hospitality facilities. Other village amenities include a 25m pool, an associated sports hall, 6 all weather pitches and modern training facilities for the local athletics club. The site also hosts a new 6th form college, hotel and various housing and apartments.

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.

Wigan is the 80th most deprived local authority in England, although in relative terms Wigan is improving up the list (In 2004 it was the 54th)

Wigan however, still has relatively high levels of deprivation on all six of the deprivation indicators. The Borough performs particularly badly relevant to employment deprivation (9th highest of all local authorities).

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

Asset Base

The Council's assets (including schools, council houses, offices, vehicles, plant and equipment) were valued at over £1.45 billion as at 31st March 2008. 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 owned as at 31st March 2008.

	Number
Council dwellings	22,888
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	57
Infrastructure assets	
Highways (km)	1,144
Footpaths & Bridleways (km)	480
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 2008/09 to 2011/12

Over the period 2008/09 to 2011/12 the capital programme is programmed to spend around £340 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 2008/09 to 2011/12

Panel	Total Cost	2008/09	2009/10	2010/11	2011/12
	£000's	£000's	£000's	£000's	£000's
Housing (HRA)	67,700.0	13,800.0	19,900.0	17,800.0	16,200.0
Housing (Other)	27,119.6	9,443.7	7,675.9	5,000.0	5,000.0
Total Housing	94,819.6	23,243.7	27,575.9	22,800.0	21,200.0
Environment (Roads)	58,484.0	9,300.4	19,871.5	20,028.1	9,284.0
Environment (Other Services)	13,444.7	6,078.9	2,853.9	2,511.9	2,000.0
Total Environment	71,928.7	15,379.3	22,725.4	22,540.0	11,284.0
Children & Young People	107,883.8	29,523.9	42,056.3	24,485.5	11,818.1
Culture	5,426.4	752.8	4,002.4	471.2	200.0
Adult Services	12,717.7	3,519.3	3,566.4	3,061.0	2,571.0
Regeneration	22,284.8	5,771.7	11,235.4	5,277.7	0.0
Corporate	21,664.1	12,942.7	2,900.4	3,621.0	2,200.0
TOTAL - All Panels	336,725.1	91,133.4	114,062.2	82,256.4	49,273.1

Resources Supporting the Capital Programme 2008/09 to 2011/12

Resource	Estimated 2008/09	Estimated 2009/10	Estimated 2010/11	Estimated 2011/12	
	£000s	£000s	£000s	£000s	
BORROWING	14,422.8	17,918.3	11,827.1	3,210.4	
CAPITAL RECEIPTS	8,349.8	9,283.0	4,562.3	7,112.4	
CONTRIBUTIONS	16,376.2	15,358.5	6,873.7	2,021.0	
GOVERNMENT GRANTS	34,073.4	53,472.3	36,738.4	15,529.3	
OPERATING LEASE	2,418.1	1,350.0	1,349.0	2,000.0	
REVENUE FUNDING	3,242.9	4,682.8	3,220.0	1,600.0	
RESERVES	12,500.0	14,700.0	13,700.0	13,700.0	
TOTAL RESOURCES	91,383.3	116,764.9	78,270.5	45,173.1	
Net Resource Position	249.9	2,702.7	-3,985.9	-4,100.0	-5,133.3
					Deficit Resources projected at 31st March 2012.

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 and the Executive Director of Business Support Services 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.