

APPENDIX H**CAPITAL STRATEGY 2008/09 TO 2010/11****Introduction**

The Capital programme is derived primarily from the Medium Term Corporate Strategy, which itself reflects the County Council's contribution to the Sustainable Community Strategy, drawn up by the Leicestershire Strategic Partnership known as Leicestershire Together.

The Capital Strategy was last updated in February 2007 as part of the Medium Term Financial Strategy. This latest update takes account of the Medium Term Corporate Strategy and the resources available over the medium term.

The Medium Term Corporate Strategy was approved in May 2007 and covers the priorities of the County Council until May 2010.

Capital Strategy Priorities

The main focus of capital investment over the medium term is to deliver the Medium Term Corporate Strategy priorities. It also takes account of the Local Transport Plan (2006-2011), the Asset Management planning process and the priorities of the Local Area Agreement (LAA). The Local Strategic Partnership (Leicestershire Together) will increasingly influence the Capital Strategy as reflected in the Sustainable Community Strategy.

The main focus of capital investment over the medium term is expected to be:

Children and Young People

Developing a higher quality learning environment and increased attainment and achievement by:

- Reorganisation of secondary education in Melton Mowbray and the Vale of Belvoir
- Acting on the findings above for a wider review of the Education provision of the whole county through Building Schools for the Future
- Mobile accommodation replacement and modernisation
- Completion of North West Leicestershire Area Special School
- Phase 3 of Government's Children's centres and Early Years programmes
- Capital works on Primary schools from 2009/10 funded from a new DCSF programme.

Transport

- Reduce road casualties
- Improve safety and reduce congestion, noise and pollution through completion of the Earl Shilton Bypass and advanced design works on a potential Melton Bypass
- Reduce congestion and improve air quality by developing Park & Ride sites at Enderby and Birstall
- Develop proposals for the Loughborough Integrated Transport scheme
- Improve the condition of roads, pavements and street lights.

Waste Management

- Improve recycling and household waste sites
- Continue to increase recycling and composting and reduce waste going to landfill – this will involve new and improved waste treatment and disposal facilities

Adult Social Care

- Modernisation of services through day centres and respite care for people with learning difficulties.
- Replacement of day care facility for the elderly.

Community Services

- Improve access and quality of libraries
- General investment on 'invest to save' schemes to generate future revenue savings
- Restoration of the Ashby Canal from Snarestone to Measham

Other

- Energy efficiency

Delivering the Corporate Change Management Programme including:

- Customer First - improving provision and accessibility of customer services
- Organisational Efficiency including Oracle Enterprise resource planning solution
- Mobile and Flexible Working (Work Well)

Funding and Affordability

Capital programme schemes are funded by a combination of central government grant and supported borrowing, external grants, developer funds,

capital receipts and unsupported borrowing. To minimise the impact on the council tax payers of capital schemes, the County Council will:

- Maximise capital receipts, developer funds and external grants
- Minimise unsupported borrowing and only commit to new borrowing for 'spend to save' projects
- Lobby for additional resource (capital grant or additional formula grant) from government for schemes funded by 'supported borrowing'
- For the major schemes, develop strategies to fund the developments that will include PFI and seeking other forms of central government financial support.
- Reduce the costs of schemes through joint working with other agencies
- Support and encourage the development of Invest to Save schemes including purchasing rather than leasing assets where appropriate.

The key demands over medium term that are currently not funded are:

- To meet the objectives of the Waste Management Strategy new treatment facilities will be needed and improvements made to Household Waste and Recycling Sites. The cost of building long term treatment facilities is expected to be significant and PFI is the preferred procurement route. To enable improvements to the sites, locations are currently being sought and will be appraised when suitable ones become available. Unsupported borrowing will be used, if justified on a 'Spend to Save' basis.
- Street Lighting – options to fund the replacement of street lighting will be considered. These will include a joint PFI with other counties.

Asset Management Planning

Buildings

A multi disciplinary team headed by the Head of Property Services has been established which is reviewing the entire stock of buildings to determine their suitability and deliver best value from their use based upon a corporate assessment of need.

Recommendations from these reviews will form an updated Asset Management Plan and will be considered by a Corporate Property Steering Group who will prepare recommendations to members.

Highway and Associated infrastructure

The Local Transport Plan determines current priorities for capital investment. In future asset management plans based upon a national common method of measurement and condition of carriageways, bridges etc will be introduced and will be reflected in LTP resource allocations.

Consultation

The views of the people of Leicestershire determine the priorities set out in the Medium Term Corporate Strategy and the associated sustainable community strategy, which in turn determine the capital programme priorities. In addition, relevant stakeholders should be consulted when individual capital schemes are being developed. This should include service users, local members, other public sector organisation and special interest groups.

Resource Prioritisation

Resources earmarked by central government for specific services, principally CYPS and Transport will continue to be prioritised through government determined mechanisms. Schemes financed through capital receipts and unsupported borrowing will continue to be prioritised through the corporate capital planning process with the Medium Term Corporate Strategy being the main driver.

Evaluation and Appraisal

The County Council's policy is that option appraisal should be applied to all schemes costing over £100,000. Corporate guidance in addition to any central government requirements should be followed when completing these appraisals. In addition all completed schemes that cost over £100,000 should be evaluated following corporate guidance. The evaluation will cover both the design and build process as well as whether the scheme achieved the appropriate service outcomes.

Procurement

Highways

A review of Leicestershire Highways has determined the overall future approach to procurement of Highways schemes as:

- For design services - The County Council has entered into the Professional Services 3 Counties Alliance and will aim to collaborate with Nottinghamshire and Derbyshire on one framework agreement for future property construction schemes.
- For Highways Maintenance – The County Council has entered into the Highways Works Alliance with national contractor Tarmac. The new arrangement means the need for any time consuming tendering is eliminated with the added benefit of achieving procurement related efficiency savings. The contractor's expertise will also compliment the in-house service in delivering specialist and complex activities.
- For Major schemes – The County Council has entered into the Midlands Highway Alliance. The contract has been awarded to 4 major contractors for works between £0.5m and £8m, with an overall aim of achieving further procurement related efficiency savings.

Property

The County Council has entered into a two framework agreement with contractors to deliver major build schemes:

- Projects up to £3m will be awarded to one of three named contractors: Interserve, Tomlinson or Galliford Try
- Projects over £3m will be awarded to Wilmott Dixon

The new arrangements will eliminate the need for any time consuming tendering and offer better prices for materials, ultimately generating efficiency savings.

The County Council continues to be a Member of the Eastern Shires Purchasing Organisation in order to achieve the benefits arising from the economies of scale this brings.