COUNCIL **22nd February 2012**

Capital Strategy 2012/16

Report of the Borough Treasurer

Portfolio Responsibility: Councillor Abdul Jabbar Cabinet Member (Finance and Human Resources)

22nd February 2012

Officer Contact: Anne Ryans
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Purpose of Report

To set out the strategy for the 2012/16 capital programme and the proposed 2012/13 capital programme including identified capital requirements having regard to the resources available.

Executive Summary

Throughout 2011/12 continuous improvement has been made in the capital planning process. The Capital Investment Programme Board (CIPB) has developed its role as the strategic lead for capital investment and provides a coordinated approach to the capital investment programme. The CIPB meets on a monthly basis, chaired by the Executive Director, Economy Place and Skills (EPS) and attended by Cabinet Members, the Borough Treasurer's representatives and Assistant Executive Directors from each Directorate. The CIPB continues to use the two-stage business case process to consider potential capital projects. The CIPB has also taken account of the existing Capital Strategy and amended and revised this for Members' consideration.

The Government has advised that the level of Government funding for capital investment is reducing. It is also keen to increase the level of resources allocated on a regional basis. This, together with the uncertainty about the future funding and delivery of education capital schemes, is making forward planning particularly difficult.

The Council is keen to maximise the use of the resources it has available and undertake investment in priority projects in order to take forward the development of the borough,

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and therefore up to £18m of new investment for priority projects has been included within the capital strategy and programme for 2012/13. The final decisions about the detailed allocation of resources to new projects for 2012/13 onwards have yet to be taken.

The Capital Strategy for 2012/16 has been prepared to reflect local issues, the reduction and change in the nature of Government funding and the continued uncertainty about the level of funding in future years. The Strategy is set out at Appendix 1 of the report and includes a list of areas for potential future investment subject to the availability of resoures.

Recommendations

That Council

- Approves the capital strategy for 2012/16 at Appendix 1 of the report and summarised in section 3.

Capital Strategy 2012/16

Report of the Cabinet Member for Finance and Human Resources

1 Background

1.1 There have been several fundamental changes to national capital expenditure/financing policy since the General Election in 2010. In the summer of 2010, the Government withdrew ring fencing from many grants, the most significant impact in Oldham being with regard to the Housing Market Renewal Fund. This reflected the Government's preference that Councils have increased local freedom and flexibility in the use of capital resources. The Building Schools for the Future programme was radically reduced in scope with an extensive impact for the Oldham programme. In the Comprehensive Spending Review (CSR) the Government announced that capital financing would be reduced by 45% over the four-year period 2011/12 to 2014/15. The recent Autumn Statement by the Chancellor highlighted that there will be further reductions to public sector funding in 2015/16 and beyond, although the extent is as yet unclear. The continuation of the policy of increasing interest rates for Public Works Loan Board (PWLB) to 1% above gilts, is also making borrowing to fund projects more expensive than prior to the 2010 CSR.

1.2 In April 2011, the long awaited Review of Education Capital by Sebastian James was published. It was intended to guide future spending decisions over the period of the Comprehensive Spending Review (2011/12 to 2014/15). This was later than planned and necessitated the allocation of interim capital budgets for 2011/12. The James Review considered options for change to education capital funding and made recommendations for the future. Whilst aspects of the James Review have started to be implemented, there has been no comprehensive formal announcement of the new way forward for education capital. The financial year 2012/13 is therefore another interim year where there is little opportunity for the Council to plan for substantial forward looking programmes of investment in schools. It is likely therefore that more substantial changes will be seen from 2013/14 onwards.

1.3 It is expected that, in the future, funding for all but minor education maintenance schemes will be held by Central Government and allocated and managed perhaps on a regional basis. There will be a requirement for a Local Investment Programme to be prepared, which incorporates all schools within the Borough (including Academies) although the details of this have yet to be announced. However, whilst the focus of this will be on schools, any programme of work will need to be integrated with other Council strategies. In addition, a Priority Schools Building Programme (PSBP) was launched through which the Council made two bids for funding for Saddleworth and Royton and Crompton Secondary Schools. Both schools have been visited by a Partnerships for Schools appointed surveyor to ratify the information provided as part of the application with the result expected for both schools in March or April 2012. The outcome will influence the requirement for capital resources to support education projects.

1.4 The James review also recommended:

- A considerable degree of standardisation with the emphasis on value for money and innovation and it will be necessary to adopt these principles when presenting investment plans to Government.
- Using a small number of new national procurement contracts to drive quality and value for any programme of works and this would also impact on the Council's approach to the procurement of works in the future.

1.5 Whilst the detail of the future for education capital funding and spending is not yet available, the implementation of the James Review will make it significantly different than current arrangements.

1.6 The Government has also moved towards the greater allocation of resources on a regional basis. Of particular importance is the Regional Growth Fund (RGF) which will fulfil regional aspirations in conjunction with the private sector. Oldham was unsuccessful in its RGF bid in 2011/12, but the Chancellor's Autumn Statement advised of resources for a 2012/13 programme, the detail of which is still to be released.

1.7 Oldham is part of the Association of Greater Manchester Authorities (AGMA) which includes the Greater Manchester Local Enterprise Partnership (LEP). AGMA is developing an investment framework that complements the Greater Manchester Strategy as a means of identifying GM investment priorities. It is clear that the Oldham capital strategy must be consistent with and aligned to the Greater Manchester strategy and investment framework in order to secure resources and maximise the impact of its own capital investment.

1.8 In December 2011, the DCLG announced that Greater Manchester's (GM) bid to be a 'whole place budget' area has been successful. This provides a significant opportunity to take a radically different approach to partnership delivery and investment across a range of services. This will begin as a pilot and will initially consider social policy issues e.g. complex families, early years, health and social care and transforming justice. As part of the GM 'whole place budget' pilot, the Council will be looking over the coming year at how processes can be established to achieve joint partnership investment in both capital and revenue projects.

1.9 In February 2011 the Council agreed the Capital Strategy for the four year period 2011/15 as part of its overall Financial Strategy. The role of the Capital Investment Programme Board (CIPB) as the strategic lead for capital investment is key in taking forward capital planning and therefore the CIPB has a major role in formulating the capital strategy from which the programme and future spending plans evolve. The Capital Strategy is updated on an annual basis and the key principles of the strategy, which are proposed for the financial years 2012/16, are set out in Section 3 and Appendix 1 of this report.

1.10 One key development for 2012/13 and future years is the Council's wish to undertake a programme of strategic investment over the medium term. Potential priority areas for this investment have been identified with a major objective being regeneration and economic growth. Whilst the detailed plans have yet to be finalised, it is proposed to start this investment in 2012/13 with up to £18m financed from prudential borrowing. The revenue budget has been prepared so that it includes funding to support the costs of the prudential borrowing.

1.11 The Council is required to set out its capital programme for the period 2012/16 based on the principles of the capital strategy. A four year timeframe for the capital programme has been presented, although any assumptions about the level of resources beyond 2012/13 become more speculative. Therefore no assessment of likely resources has been made for 2015/16. The table below sets out the summary of the anticipated expenditure and income using best current information for the four year period 2012/16. The detailed programme is set out at Annex B on a Directorate basis. A separate report elsewhere on the agenda provides more detail on the capital programme.

Table 1 - Capital Proposals for 2012/13 to 2015/16

Proposed Capital Spending	**2012/13 £'000**	**2013/14 £'000**	**2014/15 £'000**	**2015/16 £'000**
Corporate Expenditure	1,149	1,000	0	0
Assistant Chief Executive's	720	360	360	360
Economy Places & Skills	47,843	19,520	8,552	0
People, Communities & Society – Schools	2,220	0	0	0
People, Communities & Society – Adult Social Care	400	400	400	400
Performance, Service & Capacity	215	180	180	180
Resources to Allocate	**19,478**	**0**	**0**	**0**
Total Expenditure	**72,025**	**21,460**	**9,492**	**940**
Total Funding	**(76,185)**	**(19,180)**	**(8,552)**	**0**
Balance of Resources available by year – Under programming	**(4,160)**	**2,280**	**940**	**940**
Cumulative balance of resources available for new projects	**(4,160)**	**(1, 880)**	**(940)**	**0**

1.12 No assumptions about new spending areas have been made for 2012/13 and future years. The table above merely incorporates capital commitments and shows funds to allocate. At this stage it is anticipated that the CIPB will lead a detailed review of those projects for which resources may be required, the schemes will be prioritised and the available resources allocated accordingly. Given the uncertainty of the funding sources over the life of the programme, without the injection of up to £18m for investment in priority schemes there would only be £1.478m to allocate to new schemes. Taking into account the additional £18m, there is £19.478m currently available for new investment.

2 Capital Financing Developments

2.1 The Government has introduced major changes to the capital financing regime, against a backcloth of capital financing being reduced by 45% over the four-year period covered by the CSR and further reductions thereafter. The additional costs of borrowing with the PWLB interest rate being increased to 1% above gilts will add to the pressure to reduce capital investment as it raises the ongoing revenue costs of borrowing which is itself an increasingly significant issue in the light of the considerable reduction of Central Government revenue support and future challenges following the Local Government Resource Review.

2.2 The changes to the capital grant regime that were announced in the summer of 2010 have been continued, the Council's BSF programme reduced to fit resources available and Housing Market Renewal and other targeted capital schemes wound up.

2.3 The capital grants that the Council will receive that have been notified to date and the ringfencing arrangements for 2012/13 are summarised in the following table in terms of the grant, the sponsoring department and the national allocation:

Table 2 – Capital grants 2012/13 – National Allocations

Capital Grant	Department	Ringfenced	2012/13 £m
Department of Health Capital Grant	DH	N	127
Disabled Facilities Grant	DCLG	N	180
Highways Capital Grant	DfT	N	779
Integrated Transport Block	DfT	N	320
Local Sustainable Transport Fund	DfT	N	40
Basic Needs – schools	DfE	N	800
Capital Maintenance – school	DfE	N	861
Devolved Capital – schools	DfE	Y	162

2.4 Of the above national grant allocations, the Oldham capital grants that have been allocated to date are detailed below:

Capital Grant	Department	Ringfenced	2012/13 £ 000
Department of Health Capital Grant	DH	N	591
Disabled Facilities Grant	DCLG	N	TBA
Highways Capital Grant	DfT	N	2,382
Integrated Transport Grant	DfT	N	*
Local Sustainable Transport Fund	DfT	N	TBA **
Basic Needs – Schools	DfE	N	1,889
Capital Maintenance – Schools	DfE	N	3,882
Devolved Capital – Schools	DfE	Y	825
TOTAL			**9,569**

* The Integrated Transport Grant is allocated to Greater Manchester
** The Local Sustainable Transport Fund allocation will not be notified until June 2012 and whilst this is nationally not ring fenced, the regional scheme that Oldham is aiming to be a part of will be ring fenced

Tax Increment Financing (TIF)

2.5 On October 28th 2010, the Government announced proposals to introduce TIF as an incentive to grow local economies and attract new businesses to areas. This proposal was included as part of a White Paper on Local Growth which had an overall aim of rebalancing the economy and driving sustainable growth and most recently it was included within the Local Government Resource Review.

2.6 In essence TIF allows Authorities to borrow against future increases in Business Rate revenues generated as a result of local developments and growth. By capturing predicted increases in income from business rates, it will create an income stream that can be used to borrow against, repay existing borrowing incurred under existing borrowing powers or to reimburse costs to a developer for the initial lay out of infrastructure work. This alternative financing for the infrastructure work is aimed at kick-starting regeneration and thereby supporting locally driven development and growth. No assumptions have been made about the availability of any resources via TIF in the 2012/16 capital strategy.

Value Added Tax (VAT) Shelter

2.7 One of the implications of the Housing Stock transfer that took place in February 2011 is the creation of a VAT shelter. This will allow First Choice Homes Oldham (FCHO) to obtain the same VAT exemption on its capital works as the Council. The shelter only applies for first-time improvements and is expected to last for fifteen years. The savings are to be shared with the Council with FCHO retaining all the benefit in the first four years and the savings thereafter split 50% to the

Council, which are estimated in total to be £15.7m, excluding the effects of inflation, although the first £6m may be top-sliced. These sums will need to be treated as a capital receipt but will not bring a direct benefit to the Council until 2015/16. At this time it is not possible to make an accurate estimate of the sum to be generated. No assumptions have been made about the availability of any resources via the VAT shelter in the 2012/16 capital strategy.

Prudential Borrowing - Local Authority Bonds

2.8 An option for Local Authorities for financing major capital investment is a bond issue. A few Councils and other public bodies have gone down this route following the increased costs of borrowing from the PWLB, a recent example being the Greater London Authority issuing a bond of £600m for the cross rail project. There are two types of bond available to Councils, a public and a private bond. Each has advantages and disadvantages but provides an additional option to the Council to finance major regeneration and development initiatives. This option will be examined in the context of enabling the Council to progress its ambitious capital agenda. No assumptions have been made about the availability of any resources via a bond issue in the 2012/16 capital strategy.

3 The Capital Strategy

3.1 Members will be aware that one of the aims of the capital strategy is that it aligns to the Council's Property Strategy and the Asset Management Plan (AMP). The AMP was updated in July 2011 in the light of national, regional, sub regional and local political changes and financial challenges. It set out a framework for driving forward asset management practice and reflected service priorities for the Council all of which are included within approved capital spending plans or are to be considered for a resource allocation over the period of the capital strategy.

3.2 Six strategic objectives were set in the AMP to provide a focus for the Plan and drive work programmes. These are:

- Realising value for money
- Making services accessible to all
- Promoting sustainable communities
- Protecting and enhancing the environment
- Facilitating the transformation of council services
- Stimulation of economic growth

3.3 Priorities have been established and these include driving forward the review of office accommodation and the release of operational and non operational properties, developments in the Town Centre and district centres and utilising resources to address repairs, health and safety and other access issues in relation to the corporate estate. Funding was established for all these initiatives within the 2011/12 to 2014/15 capital strategy and is maintained within the 2012/13 to 2015/16 strategy and capital programme.

3.4 The 45% reduction in capital financing covering the CSR period 2011/15 and the continuing reduction thereafter given the announcements in the Chancellor's

Autumn Statement in November 2011 means that all resources for capital projects must be utilised to ensure that capital investment not only meets corporate priorities but also those of residents. The Capital Investment Programme Board (CIPB) with its role in leading the strategic direction of capital investment in the Council will therefore develop the priorities for Cabinet to consider, including recommending the allocation of resources to projects, programmes and themes.

3.5 The Council must also ensure that its capital strategy reflects the GM Strategy and links into those of other Greater Manchester (GM) authorities. The likely increasing emphasis on regional funding allocations will make this of even greater significance. Work is already taking place across GM on joint working around asset management and the recent announcement of additional resources from Regional Growth Fund emphasises the need to work collaboratively with other Councils.

3.6 Revised Government policy will lead to new risks and the Council must ensure that these are successfully managed, over and above those that are a consequence of any traditional capital programme. In particular these cover risks around expenditure that has already been committed in future years where there is no certainty of continued funding, potential unfunded on-going legal liabilities, potential overspending in the current year and the general risk around the uncertainty over the nature and level of the 2012/13 and future years' capital funding.

3.7 The capital planning process will continue to operate on the basis of a commissioning approach to the allocation of capital resources. This will align to the principles of the Co-operative Council and the Repositioning Oldham agenda. This will also enable the funding to be better aligned with both the Council's corporate objectives and those of other partners. This will be of greater importance with the increased requirement for links to regional strategies and programmes and the need to apply for funds on a regional basis.

3.8 To continue the improvement of the performance and management of the capital programme, it is intended that training and guidance for programme and project managers will be disseminated in accordance with good practice and will link to the Council's Workforce Development Strategy.

3.9 The Council's capital strategy for 2012/16 is attached at Appendix 1. Taking the above into account, the main emphasis of the strategy may be summarised as to:

- Utilise resources on projects which will achieve the objectives laid out in the Corporate Plan and support the Co-operative Council ethos and the Repositioning Oldham agenda

- Continue to take advantage of the increased freedom and flexibility afforded by the removal of ring fencing from funding allocations to facilitate the achievement of Council objectives

- The pooling of all non ring fenced capital funding and other non specific Council capital resources not required to finance existing commitments into one central fund which will be managed so that only schemes which can demonstrate the attainment of Council priorities will be allocated funds. Regard will, however, be had to obligations around the transport agenda, voluntary aided schools and the funding of adaptations to homes for the disabled.

- Utilise the CIPB to make recommendations to Cabinet/Council on all capital planning and resource allocation issues. The CIPB will operate on a commissioning basis so that capital planning is targeted to key areas. The CIPB will review all bids for internal and external resources, evaluate them and then make recommendations to Cabinet/Council on the prioritisation of resources for the capital programme. The Cabinet/Council will make the final decision on the overarching capital programme for 2012/16

- Ensure that the evaluation of the relative priorities of potential capital projects is undertaken in accordance with key criteria that are applied fairly and consistently and determine the relative merits of each scheme (these are set out in Section 5 of the capital strategy)

- Ensure that the usage of any ring fenced resource is subject to the approval of the CIPB to ensure alignment with other spending plans and the maximisation of benefits to the Council and achievement of Corporate Objectives

- Ensure that the Council's Capital planning is consistent with and linked to the Greater Manchester strategy to maximise the benefit to the Council of regional resources

- Utilise the CIPB to explore in detail solutions to potential cost overrun issues, consider any under spending of resources and suggest a reallocation of resources to other projects and where there is a delay in the commitment of programme/project resources, require project managers to report the reasons for the delay and where appropriate, recommend to Members that there is a reallocation of non-ring fenced resources to other projects

- Have no ring fencing of capital receipts for specific projects with the exception of Building Schools for the Future programme, where the ring fencing principle has previously been approved as part of project viability, the recycling of HMR related receipts within the South Werneth former HMR area to facilitate redevelopment and the Equity Local Initiative which was established when HMR resources were ring fenced to the HMR programme

- Confirm the allocation of resources to committed projects within the previously approved capital programme

3.10 In addition, the strategy outlines projects where consideration may be given to the allocation of additional resources or new resources, subject the availability of funding.

There are two already approved projects for which continuation funding from Council resources may be required from 2013/14 onwards. These are:

- Corporate Major Repairs – to enable the Council to secure the integrity of the corporate estate when the existing funding allocation expires
- Corporate Health and Safety/DDA/Legionella – to ensure that essential work can be undertaken when the existing funding allocation expires

New projects for which funding may be required and for which funds could be allocated are as follows (unless stated the resources required would be general Council capital resources of which there is currently £19.478m available over the life of the capital strategy). Each of these projects would need to be progressed by the submission of detailed and fully costed business cases demonstrating how they take forward corporate priorities. These projects are:

- Town Centre Conservation Area – if the recently submitted Townscape Heritage Initiative bid for capital resources is successful, the Council will be required to match the grant with £500k of its own resources from 2013/14. A decision as to the requirement for the resource will not be know until late 2012/13

- Digital Infrastructure/Metrolink – providing additional funding for the provision of a digital fibre cable link along the Metrolink 3A line

- HMR legacy issues – addressing any needs that cannot be financed from ring fenced capital receipts

- Energy Efficiency projects – to support the Council in its pursuit of the green agenda and address carbon reduction requirements. Such projects are likely to require prudential borrowing given that there will be an anticipated pay back

- Adult Social Care – redevelopment of Limecroft and Medlock Court which may be suitable for prudential borrowing as there are prospects for additional income generation

- Investment in Schools – although the funding of schools capital expenditure is likely to be substantially changed in future years, there is a requirement to address immediate needs now and to allocate resources to priority areas. A programme of work is being prepared that sets out the highest priorities. This will be brought forward for consideration. If the bid for Priority Schools Building Programme resources is successful it will require funding support from the Council.

- ICT Projects both corporately and at individual service level – to facilitate a programme of ICT development to enhance new ways of working and the major refresh of ICT kit where applicable.

There are also two major new priority areas upon which the Council may wish to focus its investment resources. These are:

- Leisure Estate – whilst the full detail of the revision to the Leisure Estate is not yet available, there will undoubtedly be a requirement for investment over the coming period

- Area Regeneration – the Council has identified five area regeneration priority areas for the 2012/13 to 2015/16 capital strategy. These are:
    - The transformation of Oldham Town Centre
    - The regeneration of Hollinwood
    - The development of Foxdenton
    - The regeneration and development of Royton Town Centre
    - The general development of District Centres

Consideration of these projects by the CIPB and the allocation of resources to them will be progressed over the coming months and reported to Cabinet and Council.

4 Options/Alternatives

4.1 Members may chose to revise the proposed capital strategy and suggest an alternative approach to capital investment including the revision of capital priority areas.

5 Preferred Option

5.1 The preferred option is that Council accepts the capital strategy and the capital priority proposals contained in the strategy.

6 Consultation

6.1 Members of the CIPB have been asked to contribute to the preparation of the 2012/16 capital strategy and there has also been discussion with Cabinet Members regarding capital priorities. Formal consultation with the members of the Capital Investment Programme Board took place on 19th December 2011 when a detailed report was considered. The report was also considered by the Overview and Scrutiny Performance and Value for Money Select Committee on 24th January 2012 and the Cabinet on 6th February 2012.

7 Financial Implications

7.1 The capital financial implications are detailed in the report. The revenue implications can be split into two categories
- The revenue implications of borrowing
- The revenue implications of projects

7.2 The revenue implications of borrowing will come from historic projects funded by Supported Borrowing (Loan SCE(R)) (Supported borrowing has ceased from 2011/12) or Prudential Borrowing. Historic loan SCE(R) revenue implications are covered by Revenue Support Grant. Prudential Borrowing costs will be financed either from savings from the project or from an allocation of general revenue resources. The revenue budget for 2012/13 has been prepared to include the financing costs of the additional investment programme up to a sum of £18m.

7.3 The revenue implications will be detailed where known in applications for capital resources and examined in detail in the two stage business case process.

8 Legal Services Comments

8.1 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 the responsibility for approving any plan or strategy for the control of local authority borrowing, investment or capital strategy or for determining the minimum revenue provision is a decision of the full Council. The function of the Executive is to prepare and propose the relevant strategy to the Council. The Council may require the Cabinet to reconsider, amend, modify, revise, vary, withdraw or revoke the strategy.

9 Cooperative Agenda

9.1 The capital strategy has been prepared so that it embraces the Council's cooperative agenda with resources being directed towards projects that enhance the aims, objectives and cooperative ethos of the Council.

10 Human Resources Comments

10.1 No implications

11 Risk Assessments

11.1 The risk foreseen at this stage is set out in Section 13 as to whether the planned level of capital receipts can be achieved to finance the present plan. Clearly given the current economic climate, the sale of property has become more difficult and the level of receipts that can be generated has reduced, often below originally planned levels. The overall level of capital receipts is therefore kept under review and any significant changes are reflected in capital programme forecast outturn figures.

12 IT Implications

12.1 Other than the implications of the specific IT projects being put forward at a cost of £215k in 2012/13, there are no IT implications. However, the future availability of resources for ICT development is important to support organisational change and improvement.

13 Property Implications

13.1 The level of capital receipts generated underpins the financing of the capital programme. Every effort will be made to maximise capital receipts but also achieve best consideration.

13.2 Any proposed new capital projects and capital programme developments will be considered and reviewed in the context of the Corporate Property Strategy

14 Procurement Implications

14.1 None at this stage.

15 Environmental and Health & Safety Implications

15.1 The Capital Strategy includes a specific allocation of £250,000 for Health & Safety issues in 2012/13. This is an addition to £250,000 funding for Legionella, asbestos, DDA and general health and safety requirements. This funding should ensure that the Council is able to address all health and safety issues.

16 Equality, community cohesion and crime implications

16.1 None

17 Equality Impact Assessment Completed?

17.1 Not Applicable

18 Key Decision

18.1 Yes

19 Forward Plan Reference

19.1 PSC-42-11

20 Background Papers

20.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref:	Capital Strategy 2012/13
Name of File:	Capital Strategy 2012/13
Records held:	Performance, Services and Capacity Directorate, Room 441, Civic Centre, West St, Oldham
Officer Name:	Anne Ryans
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21 Appendices

21.1 Appendix 1 Capital Strategy 2012/16

APPENDIX 1

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1. The Oldham Capital Strategy

The overarching aim of the Oldham Capital Strategy is to provide a framework within which the Council's Capital Investment plans will be delivered. These plans are driven by the Council's Corporate Plan and its four main objectives:

- A confident place
- A university town
- An address of choice
- Services of choice

In addition, the 2012/16 capital strategy will be influenced by the principles which frame the overarching budget process for 2012/13 which are driven by the concept of a **Co-operative Council** and;

- Positioning Oldham as a borough ready to **embrace the future**
- Realising the potential of the **Greater Manchester City Region**
- Repositioning the Council as a **public service, here to serve** the people of Oldham and providing **strong leadership**
- Ensuring all money spent by the Council meets the challenges faced by the borough, whilst also ensuring that the Council is **forward thinking** in its investments

The three main objectives of the budget process are based around core values and these underpin all aspects of the capital strategy and programme. These objectives are:

- Devolving power to neighbourhoods
- Protecting the vulnerable and frontline services
- Removing waste, red tape and non essential spending

The principles and objectives also help underpin one of the main priorities of the Council which is the development of a new relationship with citizens, communities and staff.

The Government has continued to move toward the increased allocation of capital resources on a regional basis. This requires the Oldham Capital Strategy to be linked to and aligned to the Greater Manchester (GM) Strategy and GM Investment Frameworks. The Oldham Strategy is set out in this section and the Greater Manchester Strategy is set out in the next section of this paper.

The Capital Investment Programme Board (CIPB) leads the strategic direction of capital investment for the Council. The CIPB will operate on a commissioning basis. This will enable funding to be better aligned with other partners and funding sources and will link into the principles of the Co-operative Council and the Repositioning Oldham agenda. The commissioning approach will be of greater importance with the increased requirement for links to regional strategies and programmes and the need to apply for funds on a regional basis.

All capital investment decisions are made with reference to Council objectives and regional strategies and, only after a positive contribution to one or more of these objectives has been demonstrated, is a project to be considered.

A capital project must also be able to demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing. Capital investment proposals which will result in a revenue cost saving or efficiency are encouraged. A proposal will be prioritised in accordance with criteria set out in Section 5 of this paper.

The CIPB endeavours to ensure that the Council can take full advantage of the increased freedom and flexibility afforded by the removal of ring fencing from most funding allocations to facilitate the achievement of the Council's objectives. A change to the capital strategy for 2012/13 is that all non ring fenced capital funding and other non specific Council capital resources that are not required to support existing commitments, will initially be pooled into one central fund. Regard will however be had to obligations around the transport agenda, voluntary aided schools and the funding of adaptations to homes for the disabled and the requirement to passport funds to these areas. The corporate resource will then be managed so that only programmes or individual schemes which can demonstrate a contribution to the achievement of Council priorities will be allocated funds. The CIPB will review all bids for resources, evaluate them and then make recommendations to Cabinet/Council on the prioritisation of resources accordingly.

In addition, it has been assumed that all resources reprioritised during the review of the capital programme that took place over the summer of 2011/12 will be fully committed. If this should not prove to be the case, then any unallocated resources will be carried forward into 2012/13 and added to the central pool for reallocation to other projects.

The first call on capital resources is always the financing of over programming from previous years and the continuation and implementation of already approved projects including those that are contractually committed. However, to the extent that resources permit, priority projects will be identified that focus on the achievement of the greatest transformational change/impact and enhance the principles of a Co-operative Council. This will allow the aggregation of resources around key priorities agreed by Cabinet and facilitate the commissioning of activity.

The CIPB will also review the use of any ring fenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council and achievement of Council objectives.

The CIPB will recommend the use of both unringfenced and ring fenced resources and also the general prioritisation of resources so that Cabinet/Council can make a final well informed decision.

There will be no ring fencing of capital receipts to specific projects with the exception of the:

- Building Schools for the Future programme, where the ring fencing principle has previously been approved as part of project viability

- The recycling of receipts related to the former Werneth HMR initiative to facilitate redevelopment in South Werneth
- Equity Local Initiative which was established when HMR resources were ring fenced to the HMR programme.

All schemes already approved in the capital programme or contractually committed in 2012/13 are presented in some detail in Annex A by Directorate and expenditure theme. The strategy of the Council is therefore to support these projects and provide sufficient resources to enable them to proceed or complete. There are however potential requirements for continued funding of existing programmes of work and support for new capital priority projects. These potential areas for investment are summarised below.

There are two approved projects for which continuation funding from Council resources may be required from 2013/14 onwards. These are:

- Corporate Major Repairs – to enable the Council to secure the integrity of the corporate estate when the existing funding allocation expires in 2013/14
- Corporate Health and Safety/DDA/Legionella – to ensure that essential work can be undertaken when the existing funding allocation expires in 2013/14

New strategic priority projects for which funding may be required and for which funds could be allocated are as follows (unless stated the resources required would be general Council capital resources of which there is currently £19.478m available over the life of the capital strategy). Each of these projects would need to be progressed by the submission of detailed and fully costed business cases demonstrating how they contribute to corporate priorities. These projects are:

- Town Centre Conservation Area – if the recently submitted bid for Townscape Heritage Initiative capital resources is successful, the Council will be required to match the grant with £500k of its own resources from 2013/14. A decision as to the requirement for the resource will not be know until late 2012/13

- Digital Infrastructure/Metrolink – providing additional funding for the provision of a digital fibre cable link along the Metrolink 3A line

- HMR legacy issues – addressing any needs that cannot be financed from ring fenced capital receipts

- Energy Efficiency projects – to support the Council in its pursuit of the green agenda and address carbon reduction requirements. Such projects are likely to require prudential borrowing given that there will be an anticipated pay back

- Adult Social Care – redevelopment of Limecroft and Medlock Court which may be suitable for prudential borrowing as there are prospects for additional income generation

- Investment in Schools – although the funding of schools capital expenditure is likely to be substantially changed in future years, there is a requirement to address immediate needs now and to allocate resources to priority areas. A programme of work is being prepared that sets out the highest priorities. This will be brought forward for consideration. If the bid for Priority Schools Building Programme resources is successful it will require funding support from the Council.

- ICT Projects both corporately and at individual service level – to facilitate a programme of ICT development to enhance new ways of working and the major refresh of ICT kit where applicable

There are also two major new priority areas upon which the Council may wish to focus its investment resources. These are:

- Leisure Estate – whilst the full detail of the revision to the Leisure Estate is not yet available, there will undoubtedly be a requirement for investment over the coming period

- Area Regeneration – the Council has identified five area regeneration priority areas for the 2012/13 to 2015/16 capital strategy. These are:
  - The transformation of Oldham Town Centre
  - The regeneration of Hollinwood
  - The development of Foxdenton
  - The regeneration and development of Royton Town Centre
  - The general development of District Centres

Consideration of these projects by the CIPB and the recommendation of the allocation of resources to them will be progressed over the coming months and reported to Cabinet and Council.

2 Greater Manchester Strategy

Investment priorities at a GM level will be guided by the Greater Manchester Strategy (GMS). However investment decisions will be determined through the Chief Executive Investment Group.

While the strategic approach and priorities of the GM Strategy remain as vital and relevant as ever, the changing economic and policy context means AGMA, HCA and GM partners will need to be flexible, innovative and pragmatic if we are to achieve the ambitions for Greater Manchester. To this end the Greater Manchester Local Investment Plan has been developed.

A key priority of the Greater Manchester Strategy, which sets out the agreed direction for GM, is to 'create quality places to meet the needs of a competitive city region'. To be successful in 'place shaping' we need to draw together the full range of budgets and tools available to communities to lead the physical, social and economic renewal of our neighbourhoods. In short, the key objectives of the Local Investment Plan are to:

- Support economic and employment growth
- Deliver housing growth to support a growing economy
- Create places people want to live
- Provide better life chances for our residents
- Make the best use of assets and achieve more for less

Its aim is to develop a co-ordinated view of capital investment allowing GM to achieve more for less. A GM assessment framework is being developed which will consider the financial, practical and strategic aspects of investment to inform decision making. In the future external funding decisions will be based on an assessment against this single assessment framework.

The Greater Manchester Strategic Framework will be the spatial expression of the GMS. It is non statutory but will complement the statutory Local Development Frameworks being developed by each of the Districts. It will provide a mechanism for the 10 authorities to make collective decisions about investment at the spatial level, within the important context of localism.

The key objectives of the GMS with the most prominent connections to Oldham's Capital Strategy are outlined below.

VISION AND PRINCIPLES OF THE GMS

The Vision

By 2020, the Manchester city region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener city region where the prosperity secured is enjoyed by the many and not the few.

The GMS Principles

- To secure our place as one of Europe's premier city regions, synonymous with creativity, culture, sport and the commercial exploitation of a world class knowledge base

- To compete on the international stage for talent, investment, trade and ideas

- To be seen and experienced as a city region where all people are valued and have the opportunity to contribute and succeed in life

- To be known for our good quality of life, our low carbon economy and our commitment to sustainable development

- To create a city region where every neighbourhood and every borough can contribute to our shared sustainable future

- To continue to grow into a fairer, healthier, safer and more inclusive place to live, known for excellent, efficient, value for money services and transport choices

- To deliver focused and collegiate leadership based around collaboration, partnerships and a true understanding that together we are strong

Extract from GMS:
"There are two dimensions to the challenge of raising long term growth: One is the need to boost productivity so that the growth rate increases; the other is to ensure that all parts of the city region and all its people enjoy improved opportunities as a result of a stronger economy"

KEY OBJECTIVES OF GMS

1. **Early years: Radically improve the early years experience for hard to reach groups, particularly in the most deprived areas.**

   Links to Oldham Capital Strategy: Relates to investment in Children's Centres, One Stop Shops and Primary Schools with particular focus on those serving deprived communities.

2. **Better life chances: Improve life chances in the most deprived areas by investing in lifelong skills development and providing other forms of support, including accessible employment opportunities, so that people can compete and engage in the modern labour market.**

   Links to Oldham's Capital Strategy: Fundamental to much of our capital investment in skills, transport, housing and economic development in terms of improving the opportunities to secure employment. It is closely linked to implications for Early Years. Also relates to our Town Centre Investment Strategy and partnership working with our Higher Education (HE) and Further Education (FE) partners.

3. **The Highly Skilled: Increase the proportion of highly skilled people in the city region.**

   Links to Oldham's Capital Strategy: Fundamental to our investment in the Regional Science Centre and BSF. Also links to our Town Centre Investment Strategy.

4. **Attracting Talent : Attract, retain and nurture the best talent**

   Links to Oldham's Capital Strategy: Strong links to our Address of Choice objective and investment in housing, education, leisure.

5. **Transport: Significantly improve transport connectivity into and within the city region**

   Links to Oldham's Capital Strategy: This is fundamental to Oldham's economic prosperity because it is recognised that jobs growth will take place across the city region and Oldham residents need to be able to travel easily to take advantage of the opportunities. This relates directly to the investment in Metrolink and delivery of the Greater Manchester Local Transport Plan (GMLTP3) (including Oldham's Local Area Implementation Plan).

   .

6. **The Economic Base:**

   Expand and diversify the city region's economic base through digital infrastructure

   Links to Oldham's Capital Strategy: Links directly to the investment in the Regional Science Centre, the Town Centre Investment Strategy, working with a Development Partner for Hollinwood and investment in Metrolink which will be the conduit for New Generation Broadband.

7. **International Connectivity: Increase the international connectivity of the Manchester city region's firms, especially to the newly-emerging economies**

   Links to Oldham's Capital Strategy: Links primarily to investment in the Town Centre, Hollinwood and Foxdenton.

8. **A Low Carbon Economy:** Achieve a rapid transformation to a low carbon economy

   Links to Oldham's Capital Strategy: Embedded as a principle in transport and housing programmes and in relation to energy efficiency in our asset management investment. This will play an increasing part in determining the future strategic priorities for capital investment including Oldham's involvement in the GM Plugged in Places programme.

9. **The Housing Market**: Creating quality places to meet the needs of a competitive city region.

   Link to Oldham's Capital Strategy: Fundamental link to Address of Choice. Major shift in need to secure private sector led housing schemes rather than public funding such as HMRF.

10 **Effective Governance: Review city region governance to ensure effective and efficient delivery mechanisms.**

   Links to Oldham's Capital Strategy: The Companion Papers to the Council's new operating model "A Co-operative Council" are addressing how our own local governance relates to the Combined Authority and GM LEP.

11. **Sense of place: Building the city region's Sense of Place**

   Links to Oldham's Capital Strategy: The reference to public realm is very significant, particularly to our current investment in public realm associated with Metrolink and also to the Town Centre Investment Framework as a whole.

To summarise, there is a need to ensure that there is an iterative process between the local and regional policy making mechanisms. The Council is playing a major role in shaping the investment frameworks that support the delivery of the GMS and our Capital Strategy is therefore well aligned to the emerging frameworks. This is essential if we are to be successful in securing BOTH public and private sector funding in the future.

In future the Local Investment Plan will demand a single pot approach to external funding and as such decisions will not be taken on the appropriateness of a funding pot to a proposal but on the strategic need of a project in delivering the GM priorities. Oldham is well placed in streamlining its aspirations for funding and has undertaken a significant amount of work in establishing a realistic priority for key projects both around the borough and within the town centre.

Whole Place Budget

In December 2011, the DCLG announced that GM's bid to be a 'whole place budget' area has been successful. This provides a significant opportunity to take a radically different approach to partnership delivery and investment across a range of services. This will begin as a pilot and will initially consider social policy issues e.g. complex families, early years, health and social care and transforming justice. However, the ultimate aim is to align this approach to existing successful GM work on capital investment to create a single pipeline for partnership investment across GM that covers capital and revenue investment and a range of outcomes from economic growth to social issues such as reducing dependency.

Oldham is heavily involved in the 'whole place budget' work, and this will enable the Council to take a lead within GM by testing this kind of approach locally within Oldham, and creating a local partnership investment framework for Oldham. As part of the GM ‘whole place budget’ pilot, the Council will be looking over the coming year at how processes can be established to achieve joint partnership investment in both capital and revenue projects.

3. Capital Resources

The Council's strategy for deploying resources is to ensure that all resources are being utilised to achieve the Council objectives. With the Government placing a greater emphasis on regional initiatives, the Council's Capital Strategy and capital planning arrangements need to be consistent with and linked to the Greater Manchester capital strategy but also enhance the Council's own Co-operative ethos within the evolving Localism agenda. As such, the aspirations of local District Partnerships need to be considered and the District Partnerships will be consulted over possible bids for any available funding. Resources have also been identified for a District Investment Fund from 2012/13 to 2015/16. This will enable District Partnerships to bid into the fund to finance more substantial projects that meet their local priorities.

As most capital financing can be used for projects at the Council's discretion, then the Council is able to address its own priorities and shape the capital programme to a locally rather than a nationally driven agenda.

The Council will ensure that it takes full advantage of the freedom and flexibility arising from the removal of ring fencing of resources to facilitate the achievement of Council Objectives. A change to the capital strategy for 2012/13 is that all non ring fenced capital funding and other non specific Council capital resources not required to finance existing commitments, will be pooled into one central fund. This corporate resource will then be managed so that only schemes which can demonstrate the attainment of Council priorities will be allocated funds. The CIPB will review all bids for resources, evaluate them and then make recommendations to Cabinet/Council on the prioritisation of resources for the initial 2012/16 capital programme. The Cabinet/Council will make the final decision on the overarching capital programme for 2012/16. The CIPB will also review the usage of any ring fenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council.

In determining the size of the central fund, the CIPB will have regard to:

- the preparation of the statutory third Greater Manchester Local Transport Plan (GMLTP3), including its long-term transport strategy for Greater Manchester (to 2020) and the 4-year Local Area Implementation Plan for Oldham. The 4-year implementation plan contains capital spending plans for 2011/12 to 2014/15 for investment in and maintenance of the transport network based on the Government's Local Transport Plan funding allocation. The Council receives grant funding for the LTP from a wider Greater Manchester allocation, which comes with a national and regional expectation that it will be used for LTP purposes. The allocation for 2012/13 has been approved at £2.382m

- the Council's obligation to finance adaptations to the homes of disabled residents for which it receives an unringfenced grant (the 2012/13 allocation has yet to be announced) from Central Government which has traditionally been topped up by Council resources in order that demand can be addressed.

- The Council's obligation to passport funding received for capital maintenance funding for Voluntary Aided (VA) schools to the VA sector. An unringfenced grant of £1.335m has been allocated to the Council for 2012/13.

The Council will therefore passport these unringfenced grants to support the transport, disabled facilities grant and VA schools capital maintenance projects respectively.

In addition, it has been assumed that all resources reprioritised during the review of the capital programme that took place over the summer of 2011/12 will be fully committed. If this should not prove to be the case, then any unallocated resources will be carried forward into 2012/13 and added to the central pool for reallocation to other projects.

Methods of funding the capital programme

Government Grants and Non government Contributions
Capital resources from Central Government can be split into two categories:

1. Non ring fenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This is now encompasses the vast majority of Government funding and the Council will initially allocate these resources to a general pool from which prioritised schemes can be financed (with the exception of transport, disabled facilities grant and VA schools capital maintenance grant funds).

2. Ring fenced – resources which are ring fenced to particular areas and therefore have restricted uses.

Where there is a requirement to make an application to an external agency to receive external funding, and when appropriate to commit Council resources as matched funding to any bid for external resources, a business case should first be presented to the Capital Investment Programme Board. This must demonstrate how the project aligns to Council objectives and how matched funding and any revenue consequences can be managed within the context of the capital and revenue budget.

Prudential Borrowing
The Council will investigate opportunities to resource capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing. Prudential Borrowing will also be utilised to cover the cost of initiatives, such as redundancy capitalisation, where the reduction in costs is a corporate issue.

Where it is considered that prudential borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be built into the revenue budget planning process.

The Council wishes to undertake a programme of strategic investment over the medium term and in order to support this, revenue resources to finance up to £18m of prudential borrowing in 2012/13. The CIPB will be reviewing the proposals for the use of this investment fund.

Prudential Borrowing - Bond Issue
An option for Local Authorities for financing major capital investment is a bond issue. A few Councils and other public bodies have gone down this route with a recent example of the Greater London Authority issuing a bond of £600m for the cross rail project.

There are two types of bond available to Councils:

- **Public Bond**

The bond issue is facilitated by banks to potential investors through the public Sterling bond market. The bond is issued at a fixed price and rate. The principal is paid at the end of the agreement with interest payable during the term of the bond. There are set up costs which can cost up to £300k with ongoing costs of around £20k for credit rating report. The size of the sums raised can be from £50m to £250m+. However, the size of the bond can impact on the rate at which the bond is priced.

The advantages of this type of a bond issue are that:

- the bond issue can attract a large investor base
- there is the ability to raise large sums and fix the cost of capital for a long period, i.e. 25 or 50 years.
- the rates at which the bond is issued can be cheaper than PWLB

The disadvantages of this type of a bond issue are that:

- there is an inability to make early payments without incurring expensive breakage costs
- there is the requirement to borrow the full amount at once and potentially having negative carry, i.e. finance costs exceed the return generated from spare cash
- there is usually a need to raise sums above £200m in order to obtain rates lower than PWLB
- a credit rating is required on an annual basis, therefore incurring ongoing costs and scrutiny.

- **Private Bond**

This is effectively the same as the public bond, however, instead of issuing the bond into the public markets, it is sold to private buyers. One key distinction is that set up costs are not significant and can mean no credit rating report.

The advantages of this type of bond are that:

- it can be issued more quickly than a public bond

- it can be set up with more flexible terms with the investors through negotiations
- there is potentially no requirement for credit rating reports
- the bond size can be tailored to individual authority requirements

The disadvantages of this type of bond are that:

- there are a limited number of investors compared to public bonds
- the rate obtained for the bond issued may not be as competitive as other options
- It is generally not possible to make earlier payments without incurring expensive breakage costs although this may be negotiated

No assumptions have been made about the availability of any resources via a bond issue in the 2012/16 capital strategy.

Capital Receipts
Capital Receipts come from the sale of the Council's assets. If the disposal is Housing Revenue Account land or property then not all of the receipt is available to support the capital programme as a percentage has to be paid over to the DCLG. Such receipts will reduce substantially now that the transfer of the housing stock transfer to FCHO is complete.

Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the capital programme as a corporate resource.

There will therefore be no ring fencing of capital receipts to specific projects with the exception of the:

- Building Schools for the Future programme, where the ring fencing principle has previously been approved as part of project viability
- The recycling of receipts related to the former Werneth HMR initiative to facilitate redevelopment in South Werneth
- Equity Local Initiative which was established when HMR resources were ring fenced to the HMR programme.

Revenue Contributions
A service may wish to offer some of its revenue budget to support the financing of a capital project. This is acceptable if it can be demonstrated that this funding is unfettered.

Use of Leasing
Some of the assets used by the Council are financed by an operational lease arrangement for example, vehicles. With the advent of Prudential Borrowing this source of financing is becoming less attractive.

Tax Increment Financing
On October 28th 2010, the Government announced proposals to introduce TIF as an incentive to grow local economies and attract new businesses to areas. This

proposal was included as part of a White Paper on Local Growth which had an overall aim of rebalancing the economy and driving sustainable growth and most recently it was included within the Local Government Resource Review.

In essence it allows Authorities to borrow against future increases in Business Rate revenues generated as a result of local developments and growth. By capturing predicted increases in income from business rates, it will create an income stream that can be used to borrow against, repay existing borrowing incurred under existing borrowing powers or to reimburse costs to a developer for the initial lay out of infrastructure work. This alternative financing for the infrastructure work is aimed at kick-starting regeneration and thereby support locally driven development and growth.

This approach has been successfully used in the USA for a number of years and the American experience (both positive and negative) has been used to inform the debate on how TIF is to be implemented. No assumptions have been made about the availability of any resources via TIF in the 2012/16 capital strategy.

Value Added Tax (VAT) Shelter

One of the implications of the Housing Stock transfer that took place in February 2011 is the creation of a VAT shelter. This will allow First Choice Homes Oldham (FCHO) to obtain the same VAT exemption on its capital works as the Council. The shelter only applies for first-time improvements and is expected to last for fifteen years. The savings are to be shared with the Council with FCHO retaining all the benefit in the first four years and the savings thereafter split 50% to the Council, which are estimated in total to be £15.7m, excluding the effects of inflation, although the first £6m may be top-sliced. These sums will need to be treated as a capital receipt but will not bring a direct benefit to the Council until 2015/16. No assumptions have been made about the availability of any resources via TIF in the 2012/16 capital strategy.

S106 Agreements

In considering an application for planning permission, the Council may seek to secure benefits to an area or restrict uses or activities related to a proposed development through the negotiation of a ‘planning obligation’ with the developer. Such obligations, authorised by section 106 of the Town and Country Planning Act 1990, generally either improve the quality of the development, or overcome difficulties which would otherwise result in planning permission being refused. A planning obligation must:

(a) be necessary to make the development acceptable in planning terms;
(b) be directly related to the development; and
(c) be fairly and reasonably related in scale and kind to the development.

As such, therefore, the Council may in some instances receive funds to enable it to undertake works arising from these planning obligations. Examples of the use of planning obligations are the:

- Provision of affordable housing;

- Improvement to community facilities - Public open space / play areas, educational facilities;
- Improved transport facilities - contributions have previously been used towards Oldham bus station, park and ride and provision of cycle lanes;
- Public art;
- Renewable energy measures;
- Specific measures to mitigate impact on a local area - parking restrictions, landscaping or noise insulation;

Private Finance Initiative (PFI)
Although PFI schemes are not shown within the capital programme as they are not financed by capital resources, PFI is a means by which the Council can facilitate major new infrastructure projects. PFI schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital. Oldham has considerable experience of PFI with two schools projects, two housing projects, the Library and Lifelong Learning Centre and street lighting initiative.

Under PFI, a private sector contractor agrees to accept the risks associated with the design, construction and maintenance of the asset over the contract term, which is typically for a 25 year period. The public sector partner pays an annual fixed price during the contract term, part of which is subject to inflation. At the end of the term, the asset is wholly owned by the Council. The Government has provided significant support for PFI schemes although this has recently reduced in line with the general reduction in funding for the public sector.

4. Capital Investment and Disposal Appraisal

All capital investment will be commissioned by the CIPB which will enable any expenditure and its funding to be better aligned with that of other partners and funding sources. These partners, from both the public and private sector will be at both a regional level and also at a district level.

Once initial strategic capital requirements have been identified and prioritised, full business cases will be commissioned for the highest priority projects.

Full appraisal of capital investment and disposal decisions will take place at the CIPB, before a project is presented to Cabinet for approval. Before any project is presented to Cabinet, officers will ensure that a relevant consultation process, as well as both an equality and environmental impact assessment, has taken place.

There is a two stage process requiring the completion of a template application form in a standard format as follows:

Stage 1

The initial strategic capital requirement will focus on links to the Corporate Plan and outcomes. These will be prioritised initially by the CIPB, and then taken through to the Executive Management Team and informal consultation with Cabinet Members.

Stage 2

Those projects which can pass the test at Stage 1 will then be subjected to a more rigorous Stage 2 review process. This will focus on the how the priorities above will be delivered, including

- Project description
- Consultation
- Expenditure and funding including whole life costs and revenue implications
- Outputs
- Option Appraisal
- Value for Money
- Delivery
- Risk Management
- Sustainability, Forward strategy and evaluation
- Asset Management
- Procurement
- Equality Impact Assessment
- Environmental Impact Assessment

It is recognised at Stage 2 that, depending on a projects nature, size and complexity, the level of appraisal required may differ.

The templates for the above submissions together with guidance packs can be obtained from the Capital & Treasury Team.

The current BSF programme and PFI schemes have been exempt from the scrutiny of the CIPB as these programmes were already well developed before the CIPB was created. Any future BSF or PFI initiatives requiring the deployment of Council capital resources or impacting in any way on the overarching capital investment policies or plans of the Council should be presented for consideration to the CIPB as outlined above.

5. How the Capital Requirements will be Prioritised

Once a bid for capital expenditure has demonstrated that it meets Council Objectives and links to the Greater Manchester strategy (if appropriate) at Stage 1, the strategic requirements will be prioritised using the following criteria (it should be noted that these are not mutually exclusive or in ranking order):

The criteria examine if the proposal is:

1. Related to mandatory, contractual or legislative service delivery requirements
2. Required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process
3. Required to support Service Plan priorities
4. Enhancing the Co-operative Council and ‘Repositioning Oldham’ agenda
5. Linked into other regional objectives
6. Supporting the evolving localism agenda
7. Enhancing the asset management/estate management agenda
8. Providing a general revenue saving (not directly linked to the budget cycle) or offering the delivery of a more efficient service
9. Fully funded from external resources
10. Likely to have the highest impact on achieving improved performance against the Council’s key objectives
11. Making a contribution to carbon reduction targets
12. Supporting regeneration and economic growth particularly in the town centre and district centres

The results of this process will be presented to Members each year as part of the capital budget setting process, or during the year if projects come forward outside the normal timeframe.

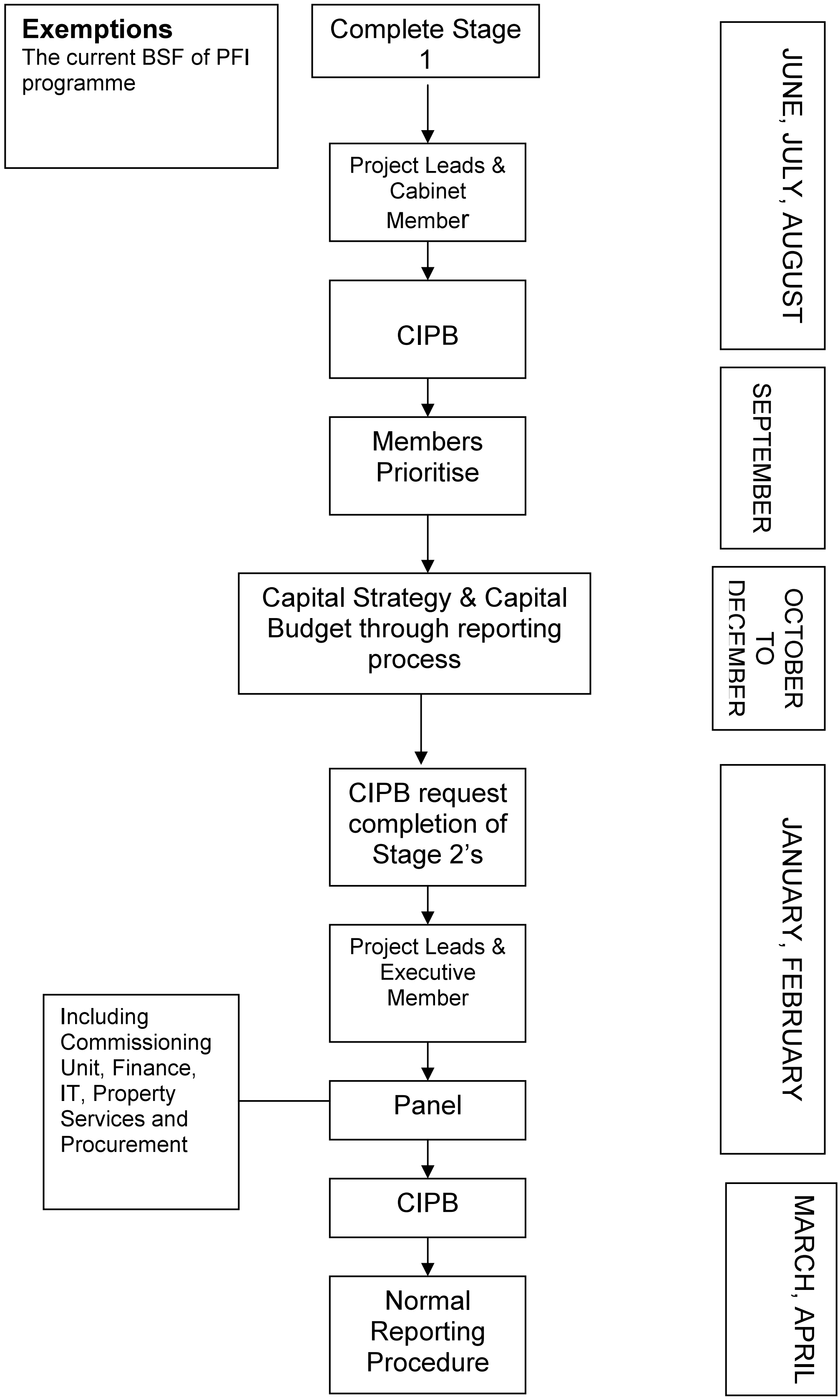
At Stage 2 a Business Case will also need to demonstrate that the:

- chosen option delivers the highest impact in achieving the required outcomes
- project is financially sustainable and any adverse revenue implications can be dealt with within existing budgets.
- risks and appropriate actions to negate these risks have been identified
- project has identified key milestones
- full exit strategy has been identified where the project involves a disposal
- method of procurement has been identified and represents value for money.

Once these Business Cases have been assessed by the Capital Investment Programme Board, they will need to follow the normal Council reporting process to obtain approval before they can form part of the capital programme.

6. Capital Programme Decision Making Cycle

The diagram below illustrates the decision making cycle for capital projects and the link to the revenue budget and the MTFS



7. How the Council Will Procure its Capital Projects

The structure of the Council's procurement function includes designated Commercial Procurement Managers whose focus is to support all capital projects.

Integration of revenue and capital financial planning provides opportunities for greater efficiency by selection of the most effective procurement processes.

Efficiency gains will be achieved via:

- Efficient procurement processes which are constantly being enhanced. For 2012/13 onwards the Council is developing opportunities for even further reductions in contract prices and also discounts for early payment
- PFI and Public Private Partnership (PPP) agreements
- Investment programmes
- Invest to save projects
- Asset Optimisation
- Leasing/borrowing strategies
- Sale of surplus assets

8. How the Council will Measure the Performance of the Capital Strategy

The capital commissioning approach that has been adopted by the Council is supported by a strong programme management process in order to ensure a coordinated corporate approach to the strategic alignment of investments. The process has been modelled on existing examples of good practice, incorporating risk assessment, risk management, option appraisal, cost v benefit analysis, etc. This ensures that investments are planned, managed and delivered prudently.

The CIPB has a remit to review the financial performance of the capital programme. Financial monitoring reports will therefore be considered by Cabinet from month 3 to month 10 together with a capital outturn report. Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports. Where a potential cost overrun has been identified, the CIPB will explore possible solutions in detail. It will also consider any under spending or identified surplus resources which can be added to the central pool of resources. The CIPB may also suggest a reallocation of resources to other projects.

Where there is a delay in the commitment of programme/project resources, the CIPB will require project managers to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of non ring fenced resources to other projects.

The performance of the capital programme is also measured by the prudential indicators which are reported to Cabinet as part of the Treasury Management Strategy, the Treasury Management half yearly review, and the post year end review.

It is recognised that there needs to be a strengthening of the skills of some project managers so that they are equipped to fully discharge the duties required of them. An enhanced training package is therefore proposed which will improve the skill of existing staff and ensure that officers new to project management have the required skill set. Attendance at available project management courses should be deemed compulsory for all officers deemed as project managers. The capacity within the organisation to address project management also requires review so that any shortfall can be addressed.

It is important that there is a co-ordinated programme management support function to facilitate:

a) initiative outputs being monitored quarterly to ensure delivery;

b) activities and initiatives being evaluated annually to ensure that activity is addressing corporate and/or statutory outcomes;

c) monitoring visits at least once a year to provide support for project managers;

d) audit visits following quarterly monitoring (risk assessment) and at the end of a project to ensure that expenditure is compliant;

e) verification visits against a random sample of projects each quarter to ensure that expenditure is compliant with any funding agreements; AND

f) that these processes are undertaken by a specified staffing unit within the Council and are themselves subject to annual internal audit review.

With this system in place, the aim is to incorporate capital funding from partner agencies delivering against the broader Sustainable Community Strategy objectives.

9. The Capital Investment Programme Board

This Board is chaired by the Council's Corporate Property Officer, the Executive Director for Economy, Place and Skills, and consists of Assistant Executive Directors from each Directorate and Cabinet Members for Finance and Human Resources and Housing, Transportation and Regeneration who are able to bring a wider perspective to the deliberations of the Board. The Board is supported by senior Finance Officers and an officer from the Strategic Asset Management Team. The Board has detailed Terms of Reference which are attached at Annex C.

The Board meets on a monthly basis to ensure there is a managed approach to:

- Discussing and recommending actions in relation to capital issues
- Developing the Capital Strategy,
- Developing the coming years capital programme
- Appraising business cases
- Monitoring performance of individual capital projects and the whole capital programme
- Review the availability of capital resource and reprioritisation of resources as required

The Board oversees capital projects from inception to completion to ensure they are delivered efficiently and effectively and in line with the Council's corporate objectives.

The Board assesses all submissions for capital expenditure prior to them entering into the normal reporting process for approval. The Board therefore makes recommendations to the Executive Management Team, Cabinet and Council.

Current Capital Priorities

The Council has an approved capital programme which has already committed resources to support schemes for the financial year 2012/13 and future years. In order to set out a full explanation of the capital commitment and also the capital aspirations for the Council, it is therefore necessary that the capital strategy identifies these schemes and explains their nature and importance, together with those projects that the Council would wish to undertake if there are sufficient resources to allow new projects to proceed.

In addition, in order to give as full as picture as possible of all the major capital investment taking place in the borough, it is also important to present information about the schemes being financed under the Public Finance Initiative (PFI) that would not feature within the capital programme due to their funding arrangements.

Explanations of all key areas of approved capital expenditure, priority projects for 2012/13 and future years (subject to available resources) and PFI schemes are set out in the following paragraphs. The presentation is by Directorate and then by theme within the Directorate. Given the overlapping nature of the Corporate and Economy, Place and Skills Directorate projects, these have been combined in the following narrative.

The final section of this Annex shows potential priority investment areas for 2012/13 onwards.

Assistant Chief Executive's Directorate Projects

The Emergency Revenue Budget that was approved in July 2011 included the provision of resources to support the Administration's commitment to delivering services at a neighbourhood level. It established a £360k District Investment Fund to finance larger scale neighbourhood investments which could demonstrate (via the preparation of a business case) that they meet local needs and achieve value for money. This was initially a revenue funded budget but after a review of capital priorities was funded from capital resources. This capital fund has been continued into 2012/13 at £720k with £360k from 2013/14 to 2015/16.

Corporate/ Economy, Place and Skills Directorate Projects

These projects are presented in accordance with seven general themes of expenditure

1) Building Schools for the Future (BSF) and Academies

The BSF programme is a national Central Government initiative. The Council was successful in its bid for BSF funding although the current scheme reflects a reduced programme of works as a result of the Government cutting back the national BSF programme in 2010/11 as part of its public spending review to address the level of national debt.

The Oldham programme features one PFI school and one design and build school. The Academies are all design and build projects. All the relevant contracts have been signed in 2011/12 and construction has commenced at the two BSF schools and the three academies.

The capital value of the PFI school (The Blessed John Henry Newman School) is £30.2m. This is privately financed and paid for through the unitary charge, the construction element of which is funded by PFI grant. The design and build school (North Chadderton) has a capital cost of £23.8m with construction scheduled to be completed by January 2013 and is entirely funded by BSF capital grant.

The overall values and estimated construction completion dates of the three Academies are tabulated below; no construction delays are currently being reported. All of the construction costs are met by Central Government grants from the sponsoring Department.

	Anticipated Completion Date	**Planned Project Expenditure £m**
OASIS	August 2012	25.5
Waterhead	November 2012	26.4
Oldham Academy North	March 2013	16.8

In addition there is an ICT managed service contract that will deliver ICT equipment across the two programmes to the value of £8.3m, again wholly supported by Central Government grant.

Site assembly costs have all been incurred in previous financial years but traffic and other site development costs remain to be addressed. These are largely linked to planning conditions plus provision for an overall project contingency. The total estimated cost of this is £10.6m, funded by a mixture of capital receipts and prudential borrowing.

2) Private Finance Initiative Projects

There are three PFI schemes that are currently in train which are enabling the Council to support capital projects/expenditure which it would have been unable to do without the option of PFI funding. These are:

<u>Housing PFI 4</u>

The Gateways to Oldham scheme reached financial close on 30th November 2011 and will consist of 317 new-build properties and the refurbishment of 316 existing dwellings with a total capital value of £72m. The appointed Service Provider will undertake management, maintenance and lifecycle works for the duration of the contract which runs to November 2036. To assist with affordability the Authority will make a phased capital contribution during the construction period (from the HRA) of £11.588m (12/13 £4.756m, 13/14 £3.137m and 14/15 £3.695m). The remainder of the capital cost will be met from the PFI grant.

Housing PFI 2

PFI 2 is a sheltered accommodation scheme for the construction of 1,454 dwellings, comprising group schemes and bungalows. It commenced in the Autumn of 2006 with construction due to finish, slightly behind schedule, in April 2012. The operational contract runs to September 2036. The total construction value is £105m, all of which is payable through the annual unitary charge and funded by the annual PFI grant.

Street Lighting PFI

The joint contract between Oldham and Rochdale reached financial close on 20 April 2011. The scheme will see the replacement of approximately 22,500 lighting columns within the Borough with a capital value of £30.5m. Construction commenced in October 2011 and is estimated to be completed by July 2016. The operational element of the contract provides for the management and maintenance of the entire lighting stock commencing in July 2011 and running through to July 2036.

3) Property Related Projects

There are six major property related initiatives which are either within the approved capital programme or may require resources in 2012/13 as follows:

Corporate Major Repairs Fund

There have been several instances in recent years where there have been requirements for resources to fund major repairs, including dilapidations, but no ready funding source. Given the size of the Council's property portfolio there is an inevitable requirement for such expenditure and associated funding should be planned. The 2011/12 capital programme established the principle of the creation of a Corporate Major Repairs Fund to allocate resources to a key element of the Asset Management Plan and the capital strategy. This will also incorporate undertaking work to ensure compliance with Care Quality Commission national standards in the eleven establishments providing adult social care services.

A fund of £1m was created for 2011/12 and this continues into 2012/13 although £101k has already been allocated to the Oldham Old Town Hall Restoration project leaving a balance of £899k. This fund reduces to £750k in 2013/14 and all such spending is financed by Council resources. The detailed usage of the resource is subject to initial scrutiny by the CIPB before approval of the programme of works is given.

No resources have been approved for the financial years 2014/15 onwards, although a programme of works is likely to be required. The potential allocation of additional resources in future years may therefore need to be prioritised.

Oldham Town Hall Restoration

The Council has made an on-going commitment to support Oldham Town Hall and in previous years has allocated resources to cover the costs of stabilisation works to ensure that the Council's statutory obligation to keep a listed building in reasonable condition is fulfilled and also to bring the building to a point where a development partner could be secured. As part of this commitment, £101k has been allocated in 2012/13 (funded from the Corporate Major Repairs budget) to finance planning and listed building consent works which will contribute to a wider regeneration scheme.

Corporate Health & Safety/Legionella and Disability Discrimination Act Requirements

There are increasing demands on the Council to comply with health and safety requirements across all its service areas. In recognition of this, the 2011/15 capital strategy allocated £250k to a health and safety programme for 2011/12 to 2013/14 which the CIPB prioritised and recommended to Members. This was in addition to the funding for Legionella, asbestos and Disability Discrimination Act requirements, for which a programme of £250k per annum (2011/12 to 2013/14) had previously been established. In total therefore funding for this important area of work will be £500k for the years 2012/13 and 2013/14, financed by Council resources.

No resources have been approved for the financial years 2014/15 onwards, although a programme of works (possibly at a reducing level) is likely to be required. The potential allocation of additional resources in future years may therefore need to be prioritised.

Asset Management Accommodation

A key strand of the revenue budget planning processes from 2010/11 onwards has been the effective management of the Council's capital assets to enable it to be more efficient and to plan for future service requirements. As part of this development, a £6m upfront investment was approved in 2010/11 to rationalise the Council's property estate and operational accommodation, in order to ensure the buildings are fit for purpose. This investment will produce buildings and land that drive financial efficiencies and value for money, as well as helping to facilitate the Council's service transformation agenda.

In addressing office accommodation needs, the asset management plan also highlighted a new set of office accommodation standards across the authority. This will see better space utilisation and ensure that more staff are located in fewer buildings, and the establishment of more flexible working areas to reduce overheads.

It has always been planned that this strategy will recoup sufficient revenue/capital funds to finance the whole of this £6m and contribute to other revenue savings that have been identified since the original plan was first established. The 2012/13 programme includes the third and final phase of planned spending at £2m with a final tranche of £1m in 2013/14, all financed by prudential borrowing.

Development Acquisition Fund

Council resources of £2m have been made available over the period 2011/12 to 2012/13 (£1m in each year) to enable strategic property acquisitions to be made in a timely and cost effective manner to support appropriate regeneration initiatives. This is aimed to provide resources to support possible "joint initiatives" with other public and private partners for investment in the town centre and also to support the Metrolink initiative.

Town Centre Conservation Area

Stage 1 Bid for Townscape Heritage Initiative (THI) Funding from the Heritage Lottery Fund was submitted on 30th November 2011. If successful, Oldham will be given a development grant to develop a stage 2 bid from April 2012 to April 2013. If Stage 2 is successful, funding should be available from late 2013.

The outcome of the bid (if successful) will be to deliver a scheme of building / public realm improvements across the town centre conservation area, which will also add value to wider town centre schemes (such as Metrolink, Street lighting PFI etc). The scheme aims to create a safer, more pleasant environment in the town centre, particularly at night. This will be achieved through additional street lighting, encouraging re-use of vacant buildings and increasing footfall.

It is also proposed to provide a range of heritage education and training opportunities through the THI scheme, including: heritage education activities and events for the general public, work experience / project opportunities for local students and those not in education, employment or training (NEETs), and heritage construction and maintenance training for local students, local contractors and building owners / occupiers within the conservation area.

It is estimated that the scheme would require a common fund of approximately £2.5million to deliver. An application has been made to the Heritage Lottery Fund's Townscape Heritage Initiative Scheme to obtain approximately £1.8m funding to deliver this project. The THI grant requires 25% match funding. There is potential to obtain a small amount of eligible match funding from other schemes, either underway or proposed, in the town centre. However, a large amount of the capital match funding required would need to be secured from the Council's capital programme, (approximately £500,000).

The stage 1 THI bid also included an application for a £50k development grant (separate to £2m delivery fund) to develop the scheme (for estimates, surveys, expertise etc.). Again, this needs to be 25% match funded and a revenue budget has been identified for this.

4) Transport Related Projects including Metrolink

There are a number of key transport related projects that the Council is planning to undertake in 2012/13. However, the transport programme is managed largely with regard to the Local Transport Plan complemented by other projects including the Council's investment in the Metrolink project as follows:

Third Greater Manchester Local Transport Plan and Metrolink

There is a statutory requirement for Local Transport Authorities to prepare a Local Transport Plan (LTP) every five years and keep it under review. Greater Manchester has previously produced two LTPs (in 2001 and 2006). A new LTP (LTP3) was required by 31 March 2011, covering the period 2011 to 2016 in detail, and setting out a long term view of transport strategy for Greater Manchester.

The Greater Manchester Combined Authority (GMCA) (via Transport for Greater Manchester) is now is responsible for producing the Local Transport Plan (prior to 2011/12 it was the responsibility of the Greater Manchester the Integrated Transport Authority (GMITA)). In the run up to the submission of the LTP3 to Government, AGMA and GMITA agreed that the LTP3 submission would comprise two main elements; namely a long-term strategy for transport in Greater Manchester (up to 2020) accompanied by short-term (4 year) Local Area Implementation Plans (one per District) linked to anticipated Government funding settlements. Oldham Metrolink is part of the Greater Manchester Local Transport Plan strategy.

The Oldham Local Area Implementation Plan was initially presented to Cabinet in February 2011 and amended in the light of more recent developments. The Authority's Transport Asset Management Plan, developed as part of the Local Transport Plan process, has partially influenced investment proposals identified in the Oldham 4-year spending plan, as will other local transport strategies such as the Borough's statutory Sustainable Modes of Travel (to School) Strategy and statutory Rights of Way Improvement Plan.

Local Transport Plan funding comprises two main blocks via Capital Grant:

- Integrated Transport Block – currently paid as grant to Greater Manchester and distributed across the Greater Manchester local authorities and GMCA by AGMA according to agreed priorities. Until 2014/15 this funding is committed to the Greater Manchester Transport Fund for major schemes, including the Oldham Metrolink Town Centre extension. This funding is paid to and managed by the GMCA at a regional level and is not paid to Oldham;

- Capital Maintenance (for bridges, highways and street lighting) – this is funded by grant paid directly by the Department for Transport to the Greater Manchester Combined Authority, which determines the distribution of the grant across the 10 Greater Manchester local authorities. Oldham's confirmed allocation of funding for 2012/13 that the Council will receive is £2.382m. Indicative allocations for 2013/14 (£2.222m) and 2014/15 (£2.093m) have been advised and these have been incorporated into the Council's capital plan.

Whilst Local Transport Plan funding will be unringfenced, it comes with the expectation of both the Department for Transport and AGMA that it will be invested in delivering the Local Transport Plan strategy.

There are existing commitments for 2012/13 LTP resources totalling £883k with requirements for two projects yet to be confirmed. These are summarised in the table below. A detailed transport capital programme is currently being prepared and will be the subject of a separate delegated report in February/March 2012.

Programme area	2012/13 Commitment £
Street lighting to support Metrolink	269,000
Heritage Street Lighting Columns	50,000
Completion of Horest Bridge works	20,000
Completion of Union Street West Footbridge	189,000
Completion of Cote Intake Bridge	205,000
Metrolink Project Development	100,000
Metrolink Route Stops	TBC
Additional Infrastructure Projects - BSF/Academies	TBC
Total	**833,000**

In order to comply with the Department for Transport and AGMA expectations that LTP funding will be invested in delivering the Local Transport Plan strategy, it is recommended that £1.549m of resources, the unallocated balance of the Capital Maintenance grant is allocated to transport schemes in the rest of the Borough, which the CIPB will then review, prioritise and recommend to Cabinet for approval.

Metrolink

Metrolink is a scheme to connect Oldham with Manchester and the wider city region by extending the successful Metrolink network. It is expected that services will open from Manchester to Oldham (Metrolink 3A) in the spring of 2012 and connect through to Rochdale in summer 2012. Work is progressing to bring Metrolink through the town centre by 2014 (Metrolink 3B). The highways at both Mumps and Manchester Street are being extensively remodelled for the service and to derive wider pedestrian and vehicular benefits.

The scheme is being constructed by GMCA with additional support from all ten Greater Manchester authorities. Members will recall that in July 2009, it was agreed that the Council would make both a revenue and capital contribution to the Metrolink project towards the cost of the design and construction of the Oldham Town Centre Extension (3B). It was agreed that £653k of capital resources would be allocated from 2009/10 to 2015/16 and made available to the GMITA (now GMCA) via a deduction from the LTP funding due to the Council. Subsequently, the way in which this contribution has been calculated has changed due to revisions to the national funding agenda and the Metrolink programme itself. Therefore unlike previous years, the presentation of the transportation programme no longer identifies the £663k separately although it is linked to the overall level of LTP funding available to the Council.

In order to support the Metrolink programme, the Council has also agreed to cover the costs associated with the design and construction; strategic site acquisitions;

street lighting and paving around Metrolink areas together with a further £100k in project development expenditure.

Digital Infrastructure/ Metrolink Development

During 2011/12 the Council agreed to invest £359k to provide a digital fibre cable link along the Metrolink 3A line being constructed from the Sharp Factory in Manchester through to Failsworth, Hollinwood and Oldham. The early provision of this infrastructure was aimed at providing a strong signal to potential investors that new types of businesses such as creative and digitally based industries could locate in the borough. It was also aimed at contributing to the regeneration of areas such as Hollinwood and also the development of the town centre. It is however considered that further investment may be needed in 2012/13 which will contribute to:

- Stimulating economic benefits; including inward investment
- Encouraging jobs growth in economic sectors focused on emerging technologies
- Tackling digital inclusion.

Local Sustainable Transport Fund bid

The Local Sustainable Transport Fund (LSTF) is a new Department for Transport (DfT) fund for transport projects (capital and revenue) that promote economic growth and reduce carbon emissions. A single Greater Manchester bidding process has been led by Transport for Greater Manchester. Four capital projects totalling £1.170m put forward by Oldham Council have been included within the business case submitted to the Department for Transport on 20th December 2011. The outcome of the submission will be known by June 2012.

There are four projects included within the overall bid for funds of £1.170m. If approved, the projects will run from 2012/13 to 2014/15 as set out in the table below. The funding will however be ringfenced for use on the specified projects.

Project Description	**2012/13 Indicative Budget £**	**2013/14 Indicative Budget £**	**2014/15 Indicative Budget £**	**Total Funding £**
Cycling and walking measures along the ‘Arc of Opportunity’ (i.e. the A663 Broadway corridor)	9,900	260,100	0	270,000
Walking & cycling measures to Metrolink priority stops	117,000	351,000	72,000	540,000
Cycle Scheme – Rochdale Canal Access Improvement Scheme	81,000	0	0	81,000
Cycle Scheme – Oldham to Kingsway Business Park Connection Scheme (Oldham stretch)	0	67,500	0	67,500
Inflation, risk and contingency	35,112	155,855	21,140	212,107
TOTALS	**243,012**	**834,455**	**93,140**	**1,170,607**

These projects have not yet been included in the capital programme but the bid has relied on already approved project funding to support the Council contribution to the bid.

Plugged in Places – The Greater Manchester Electric Vehicle Infrastructure Scheme

The Council has agreed to act as the accountable body for the pilot Plugged in Places scheme on behalf of AGMA. A report approved by Cabinet in June 2011 confirmed that this is a priority project for the Council because of its strategic regional positioning and the importance of the green agenda. In essence Plugged in Places:

- Promotes the use of Electric Vehicles (EVs) to reduce carbon emissions and noise pollution, improve air quality and reduce vehicle maintenance and servicing costs and to support growth and development with a new supply chain leading to more employment opportunities in the Greater Manchester area
- Will develop innovative vehicle sales and charging hubs called PODS which will showcase a range of EVs. Four such PODS will be built via the pilot scheme, one of which will be in Oldham and they will have facilities including charging facilities
- Is a partnership between the private and public sector providing an offering that is complementary to the existing public transport strategy
- Should lead to a long term scheme which will be self sustaining and does not require any public subsidy

This project from the Council's perspective is wholly grant funded, although the grant complements private funding from partner organisations. The Council will receive a total of £3.614m grant from the Office of Low Emission Vehicles. Of this sum £1.320m was received during 2011/12 and £2.294m will be received in 2012/13 and has therefore been included within the 2012/13 capital programme. Subsequent to the grant award, the need for local authorities to contribute £2,500 revenue per charging post to cover a 5-year running period has been identified.

Mobile Camera Parking Enforcement

Mobile camera parking enforcement is an extension of the Council's existing civil enforcement operations. However, it adds an effective and efficient resource to current operations in that it adds a number of benefits. These benefits include:

- Improvement to road safety around hot spots
- Improvement to travel times
- More efficient redeployment of Civil Enforcement Officers (CEOs) to ensure a wider area of the Borough is covered
- Reduction of CEOs exposure to abuse
- Making a contribution to the overall parking strategy

The system works by the mounting of an enforcement camera (government approved) on the roof of a Council vehicle. As the vehicle moves around the Borough, it takes a photograph of any offending vehicle committing a probable offence. The offence is recorded by way of automatic number plate recognition (ANPR) technology and an evidence pack is created. The evidence pack is then reviewed by a qualified officer to determine whether a contravention has been committed. In the instance that a contravention has been committed a Penalty Charge Notice (PCN), including photographic evidence, will then be sent by post from the date of the alleged contravention to the address of the registered keeper of the vehicle.

It is anticipated that the number of parking contraventions captured by the use of camera enforcement will be in the region of 10 penalty notices per day which would generate sufficient income to pay for the capital cost of the scheme and generate income to support on-going running costs.

The scheme was approved for inclusion in the capital programme in 2011/12 at an overall capital cost, financed by prudential borrowing, of £100k of which £15k will be incurred in 2012/13.

<u>Fleet Management</u>

Throughout the winter of 2009 and in early 2010, officers undertook a Fleet Provision option appraisal which reviewed option of continuing with contractual hire arrangements for Council vehicles or to return to in-house procurement. Following the appraisal, the most cost effective option was to return to a fully integrated fleet management service and procure vehicles in partnership with AGMA. This approach has been approved by Cabinet and work undertaken to procure the vehicles required.

Prudential Borrowing of £3,462,602 is therefore included in the capital programme in 2012/13 and 2013/14 in order to fund the fleet vehicle replacement programme. The costs of the prudential borrowing can be met from existing fleet management revenue budgets.

<u>Highways Investment</u>

The Council's highways related assets have a value of approximately £1bn and cover 814km of adopted highways and 108k of back streets. The Council's previous investment in the network has stabilised the proportion of principal and non principal roads that are classed as "red" on a RAG scale. However, in order to stem the deterioration in the condition of unclassified roads and in order to make significant improvements in the condition of the network, to avoid more costly future maintenance expenditure and to seek to reduce the cost of insurance claims due to slips and trips, additional investment of £10m over a four year period 2010/11 to 2013/14 was approved in July 2010. Spending of £3m is planned for 2012/13 and is therefore included within the capital programme.

This expenditure will arrest the decline in the condition of the network and bring it up to the average condition currently within AGMA. The work will in the main be targeted at those roads which are identified within the condition assessment system, for which the current level of deterioration is increasing by 10% year on year, and those where there are high levels of public liability insurance claims. The works include a mix of resurfacing/reconstruction of carriageways and footways.

5) Housing Related

There are three housing related initiatives which are either within the approved capital programme or may require resources in 2012/13 as follows:

Housing Market Renewal (HMR)

In 2002, nine HMR Pathfinder areas (in the North and Midlands) were identified by Government as needing specific support to renew failing or weak housing markets. HMR was, in the main, capital funding via a grant to Pathfinders (a partnership between Local Authorities and other key local and regional stakeholders). HMR was specifically targeted to rejuvenate local housing markets as part of wider efforts to revitalise communities and economies.

The HMR Pathfinder programme was withdrawn by the Government during 2010/11 but its sudden demise left legacy issues to address. There was the opportunity to bid for Regional Growth Fund (RGF) in 2011/12 to assist with legacy issues and a bid to support new build housing development in Derker was submitted but was unsuccessful. The Council has some HMR liabilities in relation to empty properties and sites in the Council's possession and these will need to be addressed. The current policy is that accumulated capital receipts, which under the initial HMR programme had to be utilised for HMR projects, continue to be used to support HMR legacy issues. In addition, new capital receipts generated in the former Werneth HMR area will be recycled to support redevelopment in South Werneth. However any other capital receipts generated from 2011/12 onwards will be utilised to underpin the overall capital programme. The Council recognises the need to allocate resources as appropriate to deal with HMR legacy issues and any bids for resources to support particular projects will be given full consideration and support as appropriate.

Equity Loans Initiative

The Home Improve Equity Loan product was developed within the HMR programme and offers homeowners the opportunity to have essential repair works carried out to their property, by borrowing the money against available equity within their property. These funds are repaid back to the Council upon sale or transfer of the land registry.

Home Improve Equity Loans play a crucial part in the sustainability of housing within Oldham and by helping residents to remain in their neighbourhood, thus helping to maintain sustainable communities Resources of £280k were initially earmarked from HMR capital receipts to support this initiative in 2012/13.

This project is in its sixth year and currently has an asset base of £1.7m. This has been achieved by delivering 84 loans to residents over the six years within the Borough of Oldham. Currently repayments of equity loans to the value of £215k have been made and this resource will be made available for recycling into future loans from 2012/13 onwards. In overall terms therefore, the funding for equity loans initiative for 2012/13 will be £495k.

The Council currently work in partnership with Guinness Northern Counties, who provide the financial and legal assistance to the homeowners as independent advisers. The Council carries out the administration and technical assistance, which also includes procuring the tenders and contractors on site to completion. All works are tendered to local contractors who are registered with Construction Line.

Oldham Council is currently taking the lead role at an AGMA level in working to provide an Equity Loan provider that will be commissioned regionally, so that all Councils can offer a similar product with reduced overheads. Loans for any type of assistance (Energy Loans, Empty Property Loans, Interest Free Loans, repayment Loans) could utilise this arrangement.

This regional approach will enable the development of a portfolio that is significant in size to attract potential investment from private finance.

<u>Local Authority Mortgages</u>

Members are keen that a Local Authority Mortgage Scheme (LAMS) be progressed in Oldham and this has therefore been included in the 2012/13 capital programme. The scheme will be aimed at helping first time buyers get on the property ladder in cases where they can afford mortgage payments, but not the initial deposit. This has the knock-on effect of stimulating other sales associated with purchase chains.

Under the scheme, if a potential buyer meets the lender's (a major finding institution which whom the Council will have entered an agreement) strict credit requirements and the limited criteria that can be set by the Council, an indemnity would be provided to the lender for the difference between the typical deposit (i.e. 25%) and a 5% deposit. The potential buyer will thereby obtain a 95% mortgage on similar terms as a 75% mortgage. The indemnity would be for the first 5 years, when there is most risk of repossession.

There are two models available under the scheme, an unfunded indemnity and a 'cash backed' indemnity.

With the **unfunded indemnity**, the Council would be paid a nominal fee by the lender for every mortgage indemnified and would not need to provide for a capital sum within its capital programme. In theory, the fee would cover the risks associated with any defaults. However, the Council would still have to build into its budget worst case scenarios to cover mortgage defaults.

The preferred option is to implement a '**cash backed'** scheme where the Council would be required to place a 5 year deposit into an account with the lender at the start of the scheme to the full value of the indemnity being offered. As an average, a £1m per year investment would support 50 mortgages.

On 21st November 2011, within the National Housing Strategy, a **Government – backed mortgage indemnity scheme** for new-build homes was announced. This is to be led by the Home Builders' Federation and the Council of Mortgage Lenders. The scheme will be open to all builders and lenders operating in England and is proposed to start in March 2012. Over 25 home builders have agreed in principle to take part. All potential buyers will be able to access mortgages up to 95% of the loan.

The Government scheme, which is due to start in March 2012, is focussed only on new-build housing as it is a partnership with builders and would complement a Local Authority Mortgage Scheme, which is open to other properties.

As Members wish to support a Local Authority Mortgage Scheme, a £2m fund will be established by prudential borrowing of which £1m will be available in 2012/13 and £1m in 2013/14. This will cover the 5 year term of the indemnity agreement and minimises the cost of borrowing to the Council.

North House Development Scheme

It is proposed that during 2012/13 the Council will dispose of the derelict North House housing site to Great Places to facilitate a housing development scheme. Great Places (part of the Inspiral consortium) wishes to develop 28 houses at North House, based on an approved planning scheme. The total cost of the scheme will be £3.6m and £3.040m will be funded from Great Places' resources and Affordable Homes Programme grant. However a contribution of £560k is being sought from the Council from the Housing Revenue Account (HRA). This contribution has been included in the capital programme.

This proposal is being supported as:

- The site has been derelict for over thirty years and, due to remediation costs, it is unlikely to be developed privately

- The proposal would ensure 28 family houses are started next year, helping an area of high housing need

- The North House land is owned by the HRA and was included within Gateways to Oldham proposals, so there is justification for the provision of funding

6) Energy Efficiency Projects

With ever rising energy costs and a new carbon tax (CRC Energy Efficiency Scheme) Oldham Council has to take action with the management, monitoring and reduction of energy and carbon emissions. An energy framework and policy is being developed to ensure that this costly resource to the Council is being effectively managed and controlled. The Council's Environmental Management System (ISO14001) has identified energy consumption as a significant impact on the environment. Through programmes of activities, the Council is committed to reduce the consumption of fossil fuels and the generation of renewable energy and measures to reduced consumption. The Council has also made a commitment through the Oldham Climate Change Strategy to reduce carbon emissions by 15% by 2014 and by 48% by 2020 through the Greater Manchester Climate Change Strategy. The Asset Management team is delivering the Accommodation Review to assess and reduce the number of buildings occupied. Through the delivery of a programme of energy efficiency and renewable energy generation projects the Council will not only be meeting the requirements of the ISO14001 standard and the targets in the Climate Change Plans but also saving money on its annual energy bill and the tax payable through the CRC scheme.

Most energy efficiency and renewable energy projects the Council would like to undertake can be delivered through a number of efficient OJEU framework compliant agreements and pay back their investment over varying periods of time from a combination of government subsidies and the actual energy savings themselves, making prudential borrowing a viable option for such schemes. A programme of projects is currently being prepared and will be brought to the CIPB for review, including proposals for the generation of power from solar panels on Council buildings.

Low Carbon Domestic Retrofit

The Low Carbon Domestic Retrofit programme is an AGMA wide initiative to which the Authority has allocated £173k in each year from 2011/12 to 2013/14. The project (under the promotional campaign of 'Toasty Oldham') will ensure that Oldham residents can access free, or highly subsidised, loft and cavity wall insulation to enable Low Carbon Economic Area targets (to fill 75% of unfilled cavities/lofts and to reduce carbon emissions by 26%) to be met. The project will also support or create approximately 1,100 jobs across the sub-region and lever in 10 times the current level of private sector investment from utility companies. Other benefits are that residents will have warmer and healthier homes and reduced fuel bills - therefore helping vulnerable residents out of fuel poverty.

7) Recreation/Environment Related Projects

Churchill Playing Fields

The 2012/13 capital programme includes planned expenditure of £341k for a project for the delivery of physical improvements to Churchill Playing Fields. This will be funded by a £180k grant from the Football Foundation, a £106k contribution from a S106 agreement and £5k from other contributions together with £50k of Council resources. The works undertaken will specifically cover:

- Drainage works across the whole of the site (levelling, drainage, sand amelioration, sand slitting and seeding of the playing field surface),
- The creation of a new hard standing area including 100m sprint track
- Relocation of the existing long-jump
- Re-surfacing of the existing perimeter path, and changing room improvements

The planned capital works will result in an improved local environmental quality and support sustainable use of the site for both formal and informal sport and recreation activity. Specifically, the project will achieve the following outcomes:

- Improved condition of the playing fields

- Reduced occurrences of surface water flooding on the site
- Fewer cancelled events and sports matches arising from poor surface condition
- An ability to meet the current and future demands of the site for sports and events booking on the site.
- The establishment of Churchill as a hub of multi sport and community health and wellbeing in Saddleworth and Lees.
- Provision of a flexible playing surface which can be laid out for a wide range of winter and summer sports, and accommodate those sports in a range of formats (for example suitable for different age groups and league requirements)
- Provision of a completed surface which can be adequately maintained and sustained within the budgets available
- An improved standard of Health and Safety at this site (as a result of the improved drainage).

Dunwood Park

In 2010/11 Members agreed a report approving investment in Dunwood Park of which £75k falls into the 2012/13 capital programme, wholly funded by Heritage Lottery Fund grant.

Dunwood Park, Shaw, is an attractive riverside park combining urban and countryside features. Built in 1912, it was in need of complete restoration. The park is being 'reinvented as itself' i.e. extensively rebuilt with modern facilities but retaining the character and familiar features of the original. Existing elements, such as the bowling green, pavilion, play area, tennis courts, parking areas, gardens and woodland walks, are being retained and refurbished, while new features, including a community meeting room, extra toilets, and adventure play facilities are being added. The physical works, however, are only part of the overall project, which seeks to involve the local community at every stage to an extent not seen before in a capital scheme, providing opportunities for education, training, and activities associated with the planning, design, construction and subsequent management. It is this additional dimension to the project that has enabled the Council to secure overall funding of £1.1 million from the Heritage Lottery Fund / Big Lottery.

People Communities and Society Directorate Projects

These projects are presented around the two themes of Adult Social Care and Schools

1) Adult Social Care Projects

In addition to Disabled Facilities Grant funding there are two other Adult Social Care projects that the Council may wish to prioritise in the context of the capital programme as follows:

Disabled Facilities Grants for Major Property Adaptations

In 2011/12 the Council received a £832k capital grant from the DCLG as a contribution towards the cost of adaptations. In previous years the Government Disabled Facilities Grant (DFG) allocation covered 60% of the anticipated expenditure on such work with the Council having a mandatory requirement to fund 40% of the cost. This mandatory requirement has been removed. Nonetheless the demand for adaptations continues to rise, particularly because of the increase in numbers of very disabled children, where medical advances have seen a tremendous improvement in life expectancy.

The Council made a contribution of £400k to disabled adaptations in addition to using the £832k grant in 2011/12 (an initial allocation of £745k plus a supplementary allocation in January 2012 of £87k). This was reduced from previous years and, partly as a consequence, waiting times for adaptations have begun to rise from around 5 months to nearer 7 months.

A number of measures are being planned to try to improve the effectiveness of the Council's Adaptations policy and procedure including the introduction of Equity loans, the promotion of rehousing as a better option, and the introduction of a framework contract to reduce the costs of building work. It is hoped that these improvements will meet the demographic growth in demand but are unlikely to reduce waiting times at the same time.

The Government has yet to announce the Council's DFG allocation for 2012/13, although funding of £180m has been identified nationally. The grant is non ring fenced but given the Council's obligation to undertake adaptations, the allocation of some resource is required. It is therefore proposed that whatever DFG sum is made available to the Council it is passported through to finance adaptations. In addition, a sum of £400k per annum is allocated as the Council's top up. This may however require review on an annual basis dependent on the level of Government funding and service need.

Redeveloping Limecroft and Medlock Court

In deciding to re-open Limecroft during 2011/12, the Council recognised that the current building is neither cost effective nor meets modern day standards around en suite facilities.

The current provision has 21 beds, only 8 of which have en suite facilities and, ideally, it would be redeveloped into a Centre of Excellence for Dementia and extend the provision to 40 beds, all with en suite facilities. This could cost up to £2m which may in part be financed from charitable contributions, but it is likely that a substantial contribution from Council capital resources would be required. However, as the new development would produce an income, it may be possible to consider prudential borrowing as a financing source.

A similar redevelopment need arises in relation to Medlock Court, a Council owned and run residential respite care home in Lees. This is slightly larger at 32 beds and in order to take this redevelopment project forward, there is likely to be a requirement for a significant level of capital resources, although again, prudential borrowing might be a possibility.

Both of these projects will require further review and consideration but are potential capital priority areas for 2012/13.

2) Schools Investment

Two schools schemes approved in 2011/12 remain to be completed in 2012/13 and are therefore included in the capital programme. Both these schemes are funded by either unringfenced or ring fenced grant as follows:

Scheme	£k
St Pauls CE school remodelling (ASD Unit)	36.7
St Pauls CE school remodelling (Foundation Stage Unit)	21.9
TOTAL	**58.6**

The long awaited Review of Education Capital by Sebastian James which was intended to guide future spending decisions over the period of the Comprehensive Spending Review (2011/12 to 2014/15) was published on 8th April 2011. This was later than planned and necessitated the allocation of interim capital budgets for 2011/12. The review considered options for change and recommendations for the future. Whilst aspects of the James Review have started to be implemented, there has been no formal announcement of the new way forward for education capital spending. The financial year 2012/13 is therefore another interim year where there is little opportunity for the Council to plan for substantial forward looking programmes of work.

The likelihood is that in the future, funding for all but minor maintenance schemes will be held by Central Government and allocated and managed perhaps on a regional basis. There will be a requirement for a Local Investment Programme to be prepared, which incorporates all schools within the Borough (including Academies) although the details of this have yet to be announced. However, whilst the focus of this will be on schools, any programme of work will need to be integrated with other Council strategies. In addition a Priority Schools Building Programme (PSBP) was launched through which the Council made two bids for funding for Saddleworth and Royton and Crompton Secondary Schools. Both schools have been visited by a Partnerships for Schools appointed surveyor to ratify the information provided as part of the application with the result expected for both schools in March or April 2012. The outcome will influence the requirement for capital resources to support education projects.

The James review also recommended:

- A considerable degree of standardisation with the emphasis on value for money and innovation and it will be necessary to adopt these principles when presenting investment plans to Government.

- Using a small number of new national procurement contracts to drive quality and value for any programme of works and this would also impact on the Council's approach to the procurement of works in the future.

The ring fencing of all but resources delegated to schools was discontinued in 2011/12 giving the Council much more freedom to utilise resources in accordance with its own priorities. This will continue into 2012/13. The Local Government Finance Settlement advised that £6.597m of funding would be available from the Department for Education for schools projects for 2012/13. Of this sum £825k is ringfenced so that it is devolved to schools. The rest (£5.772m) is unringfenced and in accordance with the capital strategy should be pooled and used for priority projects. However, one element of the funding (£1.335m) is a capital maintenance allocation for Voluntary Aided (VA) schools and it is national policy that this funding is made available to the VA sector. This funding will therefore be passported to VA schools.

There are a range of educational schemes for which resources could be allocated in 2012/13. These form part of a rolling programme of improvement works planned for the education estate. The actual profile of spending will depend on the outcome of the bid for PSBP resources as, if it is successful, it will require funding support from the Council. The works for which funding may be required are set out in three phases:

- Phase 1 – Essential condition works for which funds of up to £1.5m may be required
- Phase 2 – Access works to allow for specific capital works or the provision of essential equipment where pupils have specific needs. This could cost up to £75k
- Phase 3 – works to increase the capacity of schools where there is a need. Nine schools have been identified which require works totalling £7.515m

In addition to the essential and high priority condition works, the capacity of Oldham schools is currently being reviewed. Fundamentally the educational needs of students with Profound and Multiple Learning Difficulties are being assessed, with a report with the initial findings to be presented as soon as possible. This will determine if there is a need to provide additional facilities for this group of students; which may be in the form of increased resource provision at an existing school, or may require a new facility.

The requirements of the primary school sector are also being examined in the knowledge that there is currently pressure on primary places within certain areas of Oldham, with little or no capacity at a number of our schools. A report will address the issue of availability of capacity and the potential requirement to increase capacity in these areas. Again one possibility is a new school.

The success of the Gateways to Oldham Housing project will redistribute residential properties throughout Oldham. This, along with other potential residential developments as a result of the potential sale of surplus school sites, will be assessed and the effect on the capacity of schools local to these developments will be calculated.

A bid for capital resources for any of the above schemes will be approved by the PCS SMT and presented to the CIPB for further approval. Each element of the funding required for schools schemes will be prioritised in accordance with other bids.

Performance, Services and Capacity Directorate Projects

All PSC Directorate projects are around the theme of ICT Project investment.

ICT Project Investment

The ICT Strategy Board has a remit to steer the future direction of ICT development for the Council. This is, however, influenced by the ICT Strategy, the current version of which covers the period 2009/13 and is currently under review to reflect organisational changes including the repositioning agenda. During 2011/12 there was a thorough examination of all of the ICT projects within the capital programme and decommitment of those schemes no longer considered to be a corporate priority or where the financing proposals were no longer sound.

Going into 2012/13 there are only 3 committed ICT projects. These are:

<u>a) E-mail archive and Data Discovery</u>

Investment of £35k is committed in 2012/13 to complete a programme of work started in 2011/12 aimed at managing the storage of e-mail both saving costs and assisting in system operating performance. This is financed by prudential borrowing.

<u>b) ICT Server Refresh</u>

The Council has a contractual commitment with the Unity Partnership which involves an annual refresh of the network and servers, as required. The server refresh programme ensures that both hardware and networks remain current i.e. up-to-date and fit for purpose. It is there to promote regular reviews and replacement of servers and networks, making replacements etc. where old ones reach the end of their life and are unsupportable. The capital investment required is £160k per annum and this is included within the capital plans from 2012/13 to 2015/16. It is financed by Council capital resources.

<u>c) Government Connect</u>

Specific investment is required in the Government Connect scheme whereby the Council must continuously upgrade its systems to ensure secure communication with other Government agencies. This is likely to cost in the region of £20k per annum and will have to be financed by Council resources and has therefore been funded from 2012/13 to 2015/16.

However, in order for the Council to take forward its ICT agenda to facilitate new ways of working, channel shift and improved standards of service, it will be necessary to undertake investment in the ICT infrastructure. Within this there will be a requirement for investment in the library management system and other key systems.

The ICT Strategy Board will therefore prepare a fully prioritised programme of investment covering the period 2012/13 to 2015/16. This will be presented to the CIPB for consideration. Whilst at this time no specific investment sum has been identified as this will depend on the nature of the work to be undertaken, unless revenue savings can be identified, this investment will have to be financed by Council resources.

New Priorities 2012/13

The Council wishes to undertake a programme of strategic investment over the medium term. Potential priority areas for this investment have been identified and are set out below. However a major objective for the Council is the promotion of regeneration and economic growth.

<u>Investment in the Leisure Estate</u>

The independent review of leisure services in Oldham undertaken during the winter 2010/11, considered the current provision across all sectors. It provided a clear evidence base and supply and demand analysis which supported the Council's need to reconfigure the leisure estate in Oldham in order to both reduce the revenue burden on the Council and improve the leisure offer to the public. The review supported the view that an overall leisure estate of fewer, high quality public sector facilities well distributed across the Borough, with a Town Centre facility at its heart, alongside private and voluntary sector provision, would be a realistic way forward for the Borough.

The current Oldham Community Leisure Limited (OCLL) contract for the operation of leisure facilities in the borough is due to run out in March 2013. The Council intends to embark on an open and competitive procurement exercise to drive efficiencies, service improvements and innovation. The review established the need to clearly define the Oldham leisure estate to be included in procurement/ management arrangements.

A consultation exercise was undertaken between September 23rd and November 20th 2011. An Equalities Impact Assessment has also been undertaken. Following Cabinet's consideration of the findings of the consultation exercise, officers have continued work on the identification and assessment of sites in the Town Centre and across the Royton and Crompton districts. Work has also continued on the preparation of an Outline Business Case as the basis for the re-procurement of the leisure estate operating contract.

The reconfiguration of public leisure facilities in Oldham is predicated on the generation of efficiencies and improved performance within the re-procured leisure operating contract, allowing for the subsidy provided by the Council to the current operating contract to be re-invested into the generation of the proposed new facilities.

Any gap between the savings on the current level of subsidy to the leisure contract and the cost of the facilities required within the reconfigured leisure estate will be reported as part of the Cabinet reporting/decision making process. Any capital funding requirement to finance developments and any resource requirement in 2012/13 or future years will be considered in accordance with the availability of resources and relative priorities.

Area Regeneration

Transformation of Oldham Town Centre

Oldham Council is actively pursuing the radical transformation of Oldham Town Centre, raising its status in the City Region. Recent years have seen the completion of high profile cultural, health and education developments: e.g. Gallery Oldham and the Library and Lifelong Learning Centre, the Integrated Care Centre and the extension to the University Campus Oldham. Now the arrival of Metrolink 3b marks a unique opportunity to stimulate the regeneration of Oldham Town Centre and to build further upon the strong higher and further education offer and successful shopping core. The Council is already supporting a range of projects in the Town Centre including the refurbishment of the Coliseum Theatre, work to secure re-use of Oldham Town Hall, infrastructure provision and strategic acquisitions.

The Council is committed to continuing this transformational work with its partners to make Oldham a high quality place to live, work and bring up families. Evidence of the Council's continuing commitment is clear to see in the Town Centre from the range of projects already taking place and those proposed is its Town Centre Prospectus and Investment Plan.

Looking forward, the Council's aim is that transformational work continues with capital resources allocated to firstly implement the Prospectus aspirations. All projects across Oldham Town Centre will be co-ordinated through dedicated delivery and governance arrangements.

A first strand of the investment proposed is to undertake public realm enhancements with expenditure of £1.940m being planned over 2012/13 (£600k) and 2013/14 (£1.340m). This will focus on:

- Hard and soft landscaping throughout the town centre with major improvements at key gateways
- Feature lighting to enhance buildings, facades, structures, landscaping and art features
- Implementation of improvements to business premises to enhance the overall visual appearance of not just individual premises but the whole of the town centre
- Drawing on the character and heritage of the borough, with public art and statues to help distinguish the town centre, enliven it and complement the proposed improvement of its already strong cultural and creative offer
- Additional improvements at and around the Metrolink route and stops over and above that already proposed through the Metrolink project

Hollinwood

There have been previous successful acquisition/development programmes at Hollinwood junction, utilising external funding to complete both Hollinwood Business Centre Phases One and Two, as well as the assembly of 15 acres of land at Albert Street, Mersey Road North, Pump Street and Oldham Road (former Roxy cinema).

The Masterplan for Hollinwood was completed in 2008 and an OJEU tender process undertaken to secure a private sector development partner, with the selection of Langtree Plc. There is, therefore, a desire to see quality employment generating development brought forward, in order to establish Hollinwood as a sought after business destination, at a strategic gateway location for the Borough and in the sub-region.

A formal Strategic Partnering Agreement with Langtree was completed in June 2011 and work is now being progressed with the launch of branding/marketing exercise for the Hollinwood opportunity to take place early in 2012. The Council may therefore be required to support this major regeneration exercise with capital investment and this will therefore be prioritised accordingly.

Foxdenton

A Local Development Framework (LDF) for Foxdenton was adopted on 9 November 2011. There has been a site allocation of c.130 acres (including around 10 acres of Council owned land) and this has now been confirmed in planning policy terms as a Business Employment Area. The LDF also accepts the principal that there will be up to 25% residential development on the site in order to help cross-subsidise the provision of infrastructure etc. and to make the wider development viable. A Transport Study for Oldham, including Foxdenton has now been commissioned.

There is the potential for the development to deliver in the region of 300 new homes, over 1m square feet of new business space and the creation up to 1500 jobs over the next 5-10 year period. In order to progress the Council may be required to support this exciting development with capital investment and this will therefore be prioritised accordingly.

Royton District Town Centre

Over recent times the Council has been instrumental in facilitating the construction of a new Primary Care Health Centre and associated public realm improvements in conjunction with the PCT. It has also been pro-active in seeking to ensure the former Royton Assembly Hall, which was purchased by Whispers Developments some years ago, was brought to a satisfactory conclusion.

The Council is assisting with proposals for the redevelopment of the former Health Centre and is currently marketing the former Byron Street School development opportunity.

Work has commenced on examining potential for consolidation of public services into Royton Town Hall, as part of a District Partnership Hub. This would free up other assets that could then be disposed of as part of the asset rationalisation programme and will hopefully involve joint working with Greater Manchester Police.

The Council is committed to supporting regeneration and development in Royton and may therefore be required to support this with capital investment and this will be prioritised accordingly.

District Centres including Failsworth District Centre

The Council is seeking to implement a programme of improvements for District Centres including Royton (see above) and Failsworth

Failsworth Town Hall recently re-opened following a £2m renovation and extension and now houses the Neighbourhood Manager, Library, Lifelong Learning, Function Hall, training / meeting rooms and there is a proposal for a café. Relocation of the existing local traders into a new, purpose built shopping parade and an Aldi supermarket was also recently completed.

Work is ongoing on the final Phase of physical redevelopment in the District Centre, through the Joint Venture with the developer Brookhouse, which includes a KFC Restaurant due for completion by spring 2012. Signage and public realm proposals are being developed and costed in order to fully complete the North Bank works.

Planning applications are being brought forward for residential development on the Indo Africa Mill site, adjacent to the Rochdale Canal.

The Council is committed to supporting regeneration and development in all its District Centres and is likely to be required to support this with capital investment. Bids for Council resources will therefore be prioritised accordingly.

Annex B

Capital Programme for 2012/13 and Future Years by Directorate

Project Description	2012/13 Actual Budget £	2013/14 Actual Budget £	2014/15 Actual Budget £	2015/16 Actual Budget £
Corporate				
Corporate Property Major Repairs	899,000	750,000		
Corporate Health & Safety	250,000	250,000		
	1,149,000	**1,000,000**	**0**	**0**
ACE				
District Investment Fund	720,000	360,000	360,000	360,000
	720,000	**360,000**	**360,000**	**360,000**
EPS				
Building Schools for the Future	22,871,000	3,835,000	2,764,000	
Local Authority Mortgage Scheme	1,000,000	1,000,000		
PFI 4 Capital Contribution	4,756,000	3,137,000	3,695,000	
Mobile Camera Enforcement	15,000			
Fleet Replacement Programme	3,462,602	3,462,602		
Dunwood Park-Improvements To Access	75,000			
DDA / Legionella / H&S	250,000	250,000		
Asset Management/Office Accommodation provision	2,000,000	1,000,000		
Oldham Town Hall	101,000			
Low Carbon Domestic Retro Fit (Private Housing)	173,000	173,000		
Plugged In Places	2,294,000			
Churchill Playing Fields - Drainage	340,591			
Regeneration Site Purchases	2,218,000	200,000		
OAFC 2004 Ltd Grant		400,000		
Development Acquisition Fund	1,000,000			
Transportation Programme	2,382,000	2,222,000	2,093,000	
Highways investment	3,000,000	2,500,000		
Metrolink	250,000			
HMR Equity Loans	495,000			
Town Centre Public Realm	600,000	1,340,000		
North House Development Scheme	560,000			
	47,843,193	**19,519,602**	**8,552,000**	**0**
PCS- Schools				
Devolved Formula Capital	825,430			
Maintenance VA Schools	1,335,649			
St Paul's CE School Remodelling (ASD Unit)	36,700			
St Paul's CE School Remodelling (Foundation Stage Unit)	21,893			
	2,219,672	**0**	**0**	**0**
PCS- Adult Social Care				
Contribution to Disabled Facility Grant Top Up	400,000	400,000	400,000	400,000
	400,000	**400,000**	**400,000**	**400,000**

PSC				
IT - Server Refresh	160,000	160,000	160,000	160,000
Email Archive & Data Discovery	35,000			
Government Connect	20,000	20,000	20,000	20,000
	215,000	**180,000**	**180,000**	**180,000**
Sum Yet to be Allocated	19,478,042			
Total Expenditure	**72,024,907**	**21,459,602**	**9,492,000**	**940,000**

Funded by:				
Ringfenced				
BSF Grant	(5,058,000)			
BSF ICT Grant	(1,983,000)	(451,000)	(2,764,000)	
Framework Academies (Standards Fund)	(9,771,000)	(192,000)		
DfE - Devolved Formula Capital	(825,430)			
Locally Coordinated Voluntary Aided Capital Maintenance Programme (LCVACMP)	(1,893)			
Heritage Lottery	(75,000)			
Football Foundation	(180,000)			
Plugged in Places (OLEV)	(2,294,000)			
Un-ringfenced				
LTP Grant	(2,382,000)	(2,222,000)	(2,093,000)	
Capital Maintenance (SCE)	(36,700)			
DoH Capital Grant	(591,413)			
DfE - Maintenance VA	(1,335,649)			
DfE - Maintenance LA	(2,546,536)			
DfE - Basic Need	(1,889,506)			
Other Resources				
S106	(105,591)			
Contribution from 3rd Parties	(25,000)			
Rcco - BSF	(48,000)			
Rcco - HRA	(5,316,000)	(3,137,000)	(3,695,000)	
Rcco General Fund	(450,000)	(13,000)		
Agreed Council Resources - BSF	(900,000)	(2,057,000)	(1,877,000)	
Agreed Council Resources -Regeneration Site Purchases		(600,000)		
M08 Capital Resources Brought Forward	(541,000)			
Agreed Council Resources	(3,272,587)	(1,173,000)		
Prudential Borrowing - BSF	(5,111,000)	(1,122,000)	1,877,000	
Prudential Borrowing - Regeneration Site Purchases	(2,218,000)	0		
Prudential Borrowing	(11,012,602)	(8,212,602)		
Additional Prudential Borrowing	(18,000,000)			
Recycled Equity Loan receipts	(215,000)			
Total Resource	**(76,184,907)**	**(19,179,602)**	**(8,552,000)**	**0**
Under/(Over) Programming In year	**4,160,000**	**(2,280,000)**	**(940,000)**	**(940,000)**
Under/(Over) Programming Cumulatively	**4,160,000**	**1,880,000**	**940,000**	**0**

Annex C

TERMS OF REFERENCE - CAPITAL INVESTMENT PROGRAMME BOARD

The Capital Investment Programme Board's terms of reference are:

- The recommendation of the overall capital strategy and capital programmes to Cabinet and Council
- Once the overall strategy and annual programme of expenditure have been approved at Council:
    - the consideration and if appropriate, approval of the detail of the thematic programmes (such as the Highways Capital Programme)
    - The consideration and if appropriate, approval of any amendments to the annual programme and
    - the approval of any new capital projects.
- To agree a set of criteria against which projects will be assessed, which reflects the Council's Capital Strategy, priorities, and annual aims and objectives.
- The review of potential commercial risk and Value for Money issues on any proposal for the use of capital.
- To provide a forum for establishing and providing robust challenge and debate around the capital programme,
- Monitoring of the performance of projects and programmes within the Council's Capital Investment programme against National Performance Indicators and other relevant performance indicators
- The review of the Council's capital programme on an ongoing basis and to ensure it is achieving the agreed outcomes
- To set out a programme of annual capital receipts and to monitor progress in achieving those receipts

Membership of the CIPB

This Chair of the CIPB is the Executive Director, Economy, Place and Skills, who is the Council's Corporate Property Officer.

The Cabinet Members for Finance and Human Resources and Housing, Transportation and Regeneration will provide the political leadership for the CIPB

All Directorates will be represented at Assistant Executive Director (AED) level. AEDs will also lead on the development of the programme to ensure that it supports the achievement of each of the Council's four Corporate Objectives as follows:

Objective 1 – AED Neighbourhoods
Objective 2 – AED Economic Development and Planning
Objective 3 – AEDs for Housing and Public Protection and Strategic Projects and Assets
Objective 4 – AED Internal Services

Other CIPB members are:

- a senior member of the Finance team
- a representative from Legal Services
- representatives from Human Resources, Procurement and Information Technology as required

Additional direct support will be provided by an officer from the Strategic Asset Management Team

Reporting:

When appropriate, the Group will report to the Executive Management Team, and to Leadership, Cabinet and Overview and Scrutiny as appropriate.

The Group will also, at the discretion of the Chief Executive, report to the Local Strategic Partnership (LSP) Executive and Public Service Board

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