Council

Capital Strategy 2013/17 (incorporating Capital Programme 2013/17)

Report of the Borough Treasurer

Portfolio Responsibility: Councillor Abdul Jabbar, Cabinet Member Finance, Human Resources and Strategic Partnerships

27 February 2013

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Purpose of Report

To set out the strategy for the 2013/17 capital programme, the proposed 2013/14 capital programme including identified capital requirements and indicative programme for 2014/17 having regard to the resources available.

Executive Summary

In February 2012 the Council agreed the Capital Strategy for the four year period 2012/16 as part of its overall Financial Strategy. The Capital Strategy for 2012/13 was framed around the Council's wish to undertake a programme of strategic investment over the medium term. Potential priority areas for this investment were identified with a major objective being regeneration and economic growth. Detailed proposals totalling £105.6m were finalised for presentation and approval at the Council meeting of July 11th 2012. This investment programme will run from 2012/13 to 2016/17 and given the size of the programme, it is the main focus of Council spending within the period covered by this capital strategy. The investment is being financed by prudential borrowing which requires considerable revenue budget support and the 2013/14 budget has been prepared to accommodate this. Whilst in the current financial climate this is a

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considerable sum, it reflects the Councils commitment to the regeneration of the Borough.

The Council is required to set out its capital programme for the period 2013/17 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 have been made more difficult by the delay in the Government announcement of capital grant funding. The Capital Programme and Strategy has at this stage been prepared on the basis that, other than Transport grant paid via the Greater Manchester Combined Authority, the local highways maintenance funding allocation announced on December 18^{th}, and the Adult Social Care Community Capacity grant announced with the Provisional Local Government Finance Settlement on 19^{th} December 2012, there will be no additional Government resources at this time. This means that there only £603k in 2013/14 and £616k in 2014/15 that is available for new projects. However, as and when additional resources become available, projects that meet the Councils strategic capital objectives will be brought forward for approval.

The Government has advised that the level of Government grant 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 delays in the notification of Government grant resources for 2013/14 and uncertainty about the future funding level, has made forward planning particularly difficult.

The Council is keen to maximise the use of the resources it has available and undertake targeted investment in priority projects. However given that there are limited unallocated resources at this time, priority projects have been identified so that as and when more resources are available, funding can be allocated.

The Capital Investment Programme Board (CIPB) has taken account of the existing Capital Strategy and amended and revised this for Members' consideration. The Capital Strategy for 2013/17 has therefore 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.

Throughout 2012/13 continuous improvement has been made in the capital planning process. The Capital Investment Programme Board (CIPB) has further developed its role as the strategic lead for capital investment and provides a coordinated approach to the capital investment programme. The CIPB met on a monthly basis, chaired by the Executive Director, Neighbourhoods and attended by Cabinet Members, the Borough Treasurer's representatives and Assistant Executive Directors from each Service Portfolio.

A change in the operation of the Council is the introduction of a Strategic Regeneration Project Management Office which will improve the management and governance of strategic regeneration projects. This will support the CIPB in ensuring that there is a thorough examination of all key issues about the delivery and financing of a project before it is presented. The CIPB will still consider Business Cases but the enhanced information will help the CIPB make decisions quickly and with confidence.

However, it is envisaged that in order to complement the new working arrangements and minimise delays to the delivery of capital schemes that the role of the CIPB will change. It will become an Advisory Board chaired by the Cabinet Member for Finance, Human Resources and Strategic Partnerships to whom decision making powers will be delegated by Council, in conjunction with the Executive Director, Neighbourhoods, the Borough Treasurer and the Borough Solicitor.

In overall terms, the capital programme resources for 2013/14 total £88.232m, of which £37.913m relates to the Councils investment in regeneration and development that was approved in July 2012. Future year's resources taper considerably, as there is uncertainty about Government funding levels and also as the investment programme is progressed.

The 2013/17 capital programme is summarised at Table 1 in this report and set out in detail on a Directorate basis at Annex 1 of Appendix 2.

It is, however, likely that the capital position will change as:

- Most funding allocations have yet to be announced by Central Government and although it was expected that information would be available at the end of January for schools related funding, it has been further delayed.
- it is also likely that there will be additional funding allocations notified later in the financial year.
- there may also be the opportunity to bid for additional funding, for example, for Regional Growth Fund announced in the Autumn Statement, but no detail is available at this time.
- the Council may identify other funding sources including capital receipts to finance additional capital expenditure.

Therefore the overall capital programme position will be kept under review and any new information about funding allocations will presented to Members in future reports.

The report also outlines the review of the 2012/13 capital programme which has been managed by the CIPB (Appendix 3). The review process is described which led to the identification of £2.850m of general resources and £931k of schools specific resources for reallocation and the schemes to which it is recommended that this funding is allocated. Non schools schemes to the value of £2.616m are recommended for approval with £783k of schools specific schemes. This leaves funds available for allocation to new schemes of £234k of general resources and £178k of resources that must be used for a schools related purpose.

The capital strategy and capital programme for 2013/17 was presented for scrutiny at the Performance and Value for Money Overview and Scrutiny Committee on 28th January 2013. The Committee did not request any changes. The capital strategy and capital programme for 2013/17 was also presented for approval at Cabinet on 18th February 2013.

Recommendations

That Council:

Approves the Capital Strategy for 2013/17 at Appendix 1 of the report and summarised in section 3 including the delegation of decision making as set out in the Capital Investment Programme Board Terms of Reference at Annex B of Appendix 1.

Approves the Capital Programme for 2013/14 and indicative programmes for 2014/15 to 2016/17 as set out in Appendix 2.

Approves the reallocation of resources in accordance with the review process outlined at Appendix 3.

Capital Strategy 2013/17

Report of the Cabinet Member for Finance, Human Resources and Strategic Partnerships

1 Background

1.1 Following the General Election of May 2010 there have been several fundamental changes to national capital expenditure/financing policy. In the summer of 2010, the Government withdrew ring fencing from many grants and discontinued some grant regimes, 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) of October 2010 the Government announced that capital financing would be reduced by 45% over the four-year period 2011/12 to 2014/15.

1.2 The Autumn Statement presented by the Chancellor on December 5th 2012 highlighted that there will be further reductions to public sector funding through to 2017/18 and in overall terms, general capital funding for Local Authorities will continue to decrease. The Statement however highlighted some funding for specific initiatives but without all the detailed allocations it is unclear whether funding will be available to the Council. Of possible significance was the announcement that £980m will be invested in schools in England by the end of this Parliament, including enough funding for 100 new academies and free schools, as well as investment to expand good schools, in the areas experiencing the greatest pressure on places. Grant of £333m is also to be made available by the Department for Transport (DfT) for a dedicated fund to provide for essential maintenance for renew, repair and extend life of the highway network in England. On 18th December, the Council was notified that the Government was allocating £215m of this fund to local highway authorities and Oldham Council was to receive £404k in 2013/14 and £216k in 2014/15.

1.3 A welcome development that has reduced the cost of financing capital expenditure and hence its affordability, is the introduction from 1st November 2012, of the "certainty rate". This has enabled Oldham Council to take advantage of a 20 basis points discount on standard loans from the Public Works Loan Board (PWLB) under the prudential borrowing regime, in return for providing improved information and transparency on locally determined long term borrowing and associated capital spending plans. The Council made a submission to Government in accordance with its deadline, advising of best estimates of long term borrowing and capital expenditure and has therefore qualified for the reduced borrowing rate. It is intended that the rate will be available until 31st October 2013. Thereafter, annual access to the "certainty rate" will depend on the submission of further details of borrowing and capital spending plans.

1.4 The 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 8^{th} April 2011. This was later than planned and necessitated the allocation by Government of two single year interim capital funding allocations for 2011/12 and also 2012/13. This did not facilitate good long term planning and has therefore impeded the Council's ability to strategically plan its investment in schools. The review considered options for change and made extensive recommendations for the future, which if introduced, would have radically altered the operation and management of schools related capital expenditure. Despite the hailing of the James Review proposals as the future for education capital spending, the Government has only taken forward two aspects of this Review:

a) Priority Schools Building Programme

The Council submitted two bids under the Priority Schools Buildings Programme, one for Saddleworth School and one for Royton & Crompton School.

The Saddleworth bid was successful and the replacement school which may be remodelling and/or build on site or on a completely new site is scheduled for first quarter of 2015. This is unlikely to mean an actual start in 2015 - more likely initial planning/ design. The Council is still trying to bring the scheme forward and understand the possible financial implications. The PSPB programme will fund only the buildings and will not cover ICT costs or sports pitches. There will need to be on-going discussion with the school in order that their resources are harnessed, together with Council capital resources to support the effective provision of the new school.

The Royton and Crompton bid was unsuccessful and measures are being put in place to ensure the school is maintained by the Council within the funding available.

b) Property Data Survey Programme (PDSP)

The Property Data Survey Programme has been established to enable the collection of up-to-date information on the building condition of the national education estate. This national programme includes the procurement of an Asset Management Software (AMS) system to capture and analyse the information obtained as part of the surveys. The aim of this programme is to enable maintenance funding to be focused on the buildings with greatest need. The condition data produced via the PDSP will help to inform decisions about future maintenance allocations determined from 2014/15.

Oldham Council has submitted its data and 6 schools were selected for inspection in January 2013. The DfE will sample inspect all authorities by July 2013 and then make comments on their findings.

The Council and schools will be asked to comment on the survey and discuss any aspects of the survey over which there is disagreement. These concerns will then be reviewed by the DfE and the appointed surveyor. Surveys may then be amended if necessary.

1.5 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. The Autumn Statement 2012 announced that £350m would be made available nationally via Local Enterprise Partnerships, but no detail is yet available.

1.6 Oldham is part of the Association of Greater Manchester Authorities (AGMA) which includes the Greater Manchester Local Enterprise Partnership (LEP). AGMA is continuing to develop 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.

1.7 The Autumn Statement 2012 also announced that LEPs will lead the development of new strategic plans for local growth consistent with national priorities. In developing the plans, LEPs will be expected to consult with all relevant local partners, including the local chambers of commerce and other business bodies. These multi-year plans will build on any existing plans and include coordination with ongoing public programmes. It is expected that Local Authorities or other bodies, and not LEPs, will deliver programmes and projects, ensuring that there are proper accountability structures in place. The Government also announced additional resources that would be accessible via the LEP but no detail is available as yet.

1.8 In February 2012 the Council agreed the Capital Strategy for the four year period 2012/16 as part of its overall Financial Strategy. The Capital Investment Programme Board (CIPB), as the strategic lead for capital investment and capital planning, formulates 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 2013/17, are set out in Section 3 and Appendix 1 of this report.

1.9 The Capital Strategy for 2012/13 was framed around the Council's wish to undertake a programme of strategic investment over the medium term. Potential priority areas for this investment were identified with a major objective being regeneration and economic growth. Detailed proposals totalling £105.6m were finalised for presentation and approval at the Council meeting of July 11th 2012. This investment programme will run from 2012/13 to 2016/17 and given the size of the programme, it is the main focus of Council spending within the period covered by this capital strategy. The investment is being financed by prudential borrowing which requires considerable revenue budget support and the 2013/14 budget has been prepared to accommodate this. Whilst in the current financial climate this is a considerable sum, it reflects the Councils commitment to the regeneration of the Borough.

1.10 The Council is required to set out its capital programme for the period 2013/17 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 have been made more difficult by the delay in the Government announcement of capital grant funding. The Capital Programme and Strategy has at this stage been prepared on the basis that, other than Transport grant paid via the Greater Manchester Combined Authority, the local highways maintenance funding allocation announced on December 18th, and the Adult Social Care Community Capacity grant announced with the Provisional Local Government Finance Settlement on 19th December 2012, there will be no additional Government resources at this time. This means that there is only £603k in 2013/14 and £616k in 2014/15 available for new projects. However, as and when additional resources become available, projects that meet the Council's strategic capital objectives will be brought forward for approval.

1.11 The table below sets out the summary of the anticipated expenditure (£88.301m for 2013/14) and available financing (£88.232m in 2013/14 – the small deficit in 2013/14 funding is managed over the four years of the programme) using best current information for the four year period 2013/17. The detailed programme is set out at Annex 1 of Appendix 2 on a Portfolio basis.

Table 1 - Capital Proposals for 2013/14 to 2016/17

Proposed Capital Spending	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Corporate Expenditure	850	-	-	-
Commercial Services	2,680	2,180	180	180
Commissioning	16,243	3,610	400	-
Neighbourhoods	67,925	29,680	16,457	9,400
Resources to Allocate	603	616	-	-
Total Expenditure	**88,301**	**36,086**	**17,037**	**9,580**
Total Funding	**-88,232**	**-35,733**	**-17,639**	**-9,400**
Balance of Resources available by year – Over/(Under) programming	**69**	**353**	**-602**	**180**
Cumulative balance of resources available for new projects	**69**	**422**	**-180**	**0**

1.12 No assumptions about new spending areas have been made for 2013/14 and future years. The table above merely incorporates capital commitments in line with existing approvals and available funding. It is anticipated that the CIPB will lead a detailed review of those projects for which resources may be required and prioritise schemes so that they can progress as and when resources become available.

1.13 The capital strategy and capital programme for 2013/17 was presented for scrutiny at the Performance and Value for Money Overview and Scrutiny Committee on 28th January 2013. The Committee did not request any changes and therefore this report has been updated to reflect subsequent funding developments and detail that has become available. The report was also presented for approval at Cabinet on 18th February 2013.

2 Capital Financing for 2013/14 and Future Years

2.1 As highlighted above, since the General Election in 2010, the Government has introduced major changes to the capital financing regime, with overall reductions in funding and the switching of funding to mostly unringfenced grant compared to a combination of grant and funded borrowing approvals. The Autumn Statement of 5th December 2012 advised that there might be some additional programme resources that the Council could access including some schools funding and Department for Transport (DfT) funding of £333m for a dedicated fund to provide for essential maintenance for renew, repair and extend life of the highway network in England.

2.2 The Autumn Statement also signalled a greater potential allocation of resources on a regional basis, with the opportunity to bid for a 2013/14 programme of Regional Growth Fund (RGF) which will be operated via the Local Enterprise Partnership. It indicated that:

a) £980m will be invested in schools in England by the end of this Parliament, including enough funding for 100 new academies and free schools, as well as investment to expand good schools, in the areas experiencing the greatest pressure on places. The latter point may have implications for Oldham Council and details are awaited.

b) £333m will be available from the Department for Transport (DfT) for a dedicated fund to provide for essential maintenance to renew, repair and extend life of the highway network in England. On 18th December, the Council was notified that the Government was allocating £215m of this fund to local highway authorities and Oldham Council was to receive £404k in 2013/14 and £216k in 2014/15.

2.3 It is usual for the capital grants that the Council will receive to be announced with the Provisional Local Government Finance Settlement. However, this financial year, not only was the Settlement information released extremely late (19th December), only the provisional Adult Personal Social Services Community Capacity Grant was notified with the Settlement. This is an unringenced grant although the Government intends that it is used for adult social care particularly personalisation, reform and efficiency. A two year notification has been received with funding of £603,541 in 2013/14 and £615,733 for 2014/15. In accordance with the capital strategy, this is therefore available for allocation to reflect corporate priorities.

2.4 The Government has advised that as a number of grant programmes distribute grants on the basis of bids, as reward grants or using data that will only become available in year, then it is unable to give access to all grant allocations with the Settlement. Government Departments will provide information of grant allocations as they become available.

2.5 In a letter received by the Council on 8th November 2012, the Department for Education (DfE) advised that the schools capital funding allocations for 2013/14 would be announced by the end of January. This deadline has now passed and the most recent information is that the issue of funding allocations has been postponed with no revised date given. This affects the three DfE allocations that the Council receives directly: basic need, condition maintenance and devolved formula capital (in 2012/13 the three grants totalled £5.261m). The delay for 2013/14 is due to the time it is taking to complete the School Capacity Survey which is seeking additional data at Local Authority defined planning area level to give greater visibility of basic need pressures and the need to quality assure the information gathered. At a national level, the DfE considers that the basic needs funding allocation will be broadly in line with the previous two years allocations of £800m but the detail per Authority is obviously still to be provided. There is the possibility of a multi-year allocation although clearly this is still to be confirmed. This would clearly assist the Council considerably in planning for future years.

2.6 The only other Government grant funding source that the Council has had confirmed is Department of Transport (DfT) grant for Local Transport Funding. Notification of grant of £2.222m for 2013/14 and £2.093m for 2014/15 has been given. The funding is notionally allocated at an individual Authority level but paid to the Greater Manchester Combined Authority (GMCA), which determines the distribution of resources across the 10 Greater Manchester local authorities and Transport for Greater Manchester. At its meeting on 27th May 2012, GMCA agreed that the LTP maintenance block funding 2011/12 – 2014/15 be distributed in line with DfT's distribution.

Tax Increment Financing (TIF)

2.7 The Local Government Finance Act 2012 which received Royal assent on 1 November 2012 provided the legislative framework for the introduction of TIF. This initiative was first announced in October 2010 as an incentive to grow local economies and attract new businesses to areas and has been the subject of a consultation process.

2.8 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 2013/17 capital strategy.

Value Added Tax (VAT) Shelter

2.9 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 2013/17 capital strategy.

Prudential Borrowing - Local Authority Bonds

2.10 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 although since the introduction of the certainty rate, this is possibly less attractive. 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 if it is considered it could assist the Council to progress its capital agenda in future years. No assumptions have been made about the availability of any resources via a bond issue in the 2013/17 capital strategy.

2.11 A recent development is that rather than each authority looking to issue its own bonds, the LGA has been lobbying Local Authorities to join into a nationwide Agency that would be responsible for issuing and managing the bonds. This opportunity is being kept under review.

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 last updated in July 2011 in the light of national, regional, sub regional and local political changes and financial challenges. It set out a framework (which is still relevant) 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 included for all these initiatives within the 2012/13 to 2015/16 capital strategy and is maintained within the 2013/14 to 2016/17 strategy and capital programme.

3.4 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 The actual and potential revisions to 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 2012/13 requiring an unbudgeted allocation of resources and the general risk around the uncertainty over the nature and level of the 2013/14 and future years' capital funding.

3.7 The continued reduction in Government capital financing and the limited ability of the Council to finance any further capital investment from its own resources 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.

3.8 A change in the operation of the Council is the introduction of a Strategic Regeneration Project Management Office which will improve the management and governance of strategic regeneration projects. This will support the CIPB in ensuring that there is a thorough examination of all key issues about the delivery and financing of a project before it is presented. The CIPB will still consider Business Cases but the enhanced information will help the CIPB make decisions more quickly and with greater confidence.

3.9 It is envisaged that in order to complement the new working arrangements and minimise delays to the delivery of capital schemes that the role of the CIPB will change. It will become and Advisory Board chaired by the Cabinet Member for Finance, Human Resources and Strategic Partnerships to whom decision making powers will be delegated by Council, in conjunction with the Executive Director, Neighbourhoods and the Borough Treasurer.

3.10 Having regard to the above issues the key principles of the capital strategy are:

1) The Capital Investment Programme Board (CIPB) will lead 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 and as a result, the Council must also ensure that its capital strategy reflects the GM Strategy and links into those of other Greater Manchester (GM) authorities.

2) The first call on capital resources will always be the financing of any over programming from previous years. In addition, all schemes already approved in the capital programme or contractually committed will be supported and sufficient resources will be provided to enable them to proceed or complete. These schemes are presented in some detail in Annex 1 of Appendix 2.

3) A capital project sponsor 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. The Strategic Regeneration Project Management Office will have a clear role in ensuring that all the key questions have been asked at the initiation stage of a project.

4) All capital investment decisions will be made with reference to Council objectives and regional strategies and, only after a positive contribution to one or more of the objectives has been demonstrated, is a project to be considered for resource allocation.

5) The CIPB will 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. 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 and transport grant funding will be passported in full
   - the funding of adaptations to homes for the disabled with the first £350k of any Disabled Facilities Grant funding passported for appropriate projects

6) Pooled corporate resource will managed by the CIPB and it will review all bids for resources, evaluate them and then agree on the prioritisation of resources accordingly. A proposal will be prioritised in accordance with criteria set out in Section 5 of the strategy.

7) 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.

8) The CIPB will recommend the use of both un-ring-fenced and ring-fenced resources and also the general prioritisation of resources so that Cabinet/Council

can make a final well informed decision on the utilisation of resources, as appropriate.

9) 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 Loan Initiative which was established when HMR resources were ring fenced to the HMR programme.

10) Building upon established good practice and the successful exercises undertaken in both 2011/12 and 2012/13, the CIPB will initiate periodic reviews of the capital programme which will examine all schemes in the programme to:

   a) Ensure that schemes still meet corporate priorities.
   b) Review their continued relevance in the context of a dynamic and constantly developing organisation.
   c) Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and rephasing of planned expenditure.
   d) Identify any unutilised or under utilised resources.
   e) Consider any reallocation of resources.

11) For the purposes of preparing the Capital Strategy and Programme for 2013/14, an assumption has been made that all resources reprioritised during the review of the capital programme that took place over the summer of 2012/13 will be fully committed. If this should not prove to be the case, then any unallocated resources will be carried forward into 2013/14 and added to the central pool for reallocation to other projects.

12) As well as using traditional funding mechanisms to fund capital schemes, the Council will also consider the use of new initiatives including bonds and TIF and develop these options if it is considered financially advantageous in the context of the Council achieving its capital investment objectives.

13) 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 type 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.

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

There is one already approved project for which continuation funding from Council resources may be required from 2014/15 onwards. This is the Corporate

Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Project which aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. Whilst there is £850k funding for these initiatives in 2013/14, there is none in future years and clearly funding will be required to meet the on-going obligations.

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). 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:

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

Town Centre Conservation Area – if the 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 2014/15. A decision as to the requirement for the resource will not be known until late 2013/14.

School Condition Works – whilst the Council has provided resources to address the most immediate needs (category 1) for condition works within the school estate. There are however other works that could be undertaken to address the condition of the school estate if funding was made available before further deterioration necessitated the attributing of category 1 status.

School Capacity - 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 schools. When available, funding is required, over and above that already provided by the July 2012 investment, to allow additional capacity to be provided.

2–Year Olds Education Provision – with the introduction of the statutory entitlement for free early education for eligible 2 year olds from September 2013, it is the Local Authority's duty to secure provision. The Council is currently considering the requirement for capital expenditure for 2 year old education provision.

Saddleworth School – whilst the school is in receipt of PSPB funding, there is a need to carry out a programme of assessing what additional capital requirements there will be on the new Saddleworth School. The PSPB programme will fund only the buildings and will not kit out the school with ICT or sports pitches. There will need to be on-going discussion with the school in order that their resources are harnessed together with funding from the Council to support the effective delivery of the new school.

Equity Loans Initiative - 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. Given the Councils prominent role in this AGMA initiative, funding is required for both 2013/14 and 2014/15 to enable the Council to progress this scheme. Resources of £200k have been included in both the 2013/14 and 2015/16 programme, however, resources of £500k for each year are sought.

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Former School Sites **-**The Council is planning to dispose of a number of former school sites and up front capital funding may be required for enabling and other works to ensure that the land is suitable for commercial redevelopment.

3.12 In addition, the Council is conscious that the Government is likely to introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council's strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

3.13 As resources become available to the Council with Government grant announcements, detailed bids for resources will be considered by the by the CIPB and resources allocated in accordance with Council priorities.

3.14 The Capital Strategy Annex C sets out the Financial Procedure Rules for virements within the Capital Programme. It is recommended that Cabinet exercise the right to delegate the decision making around virements to the Executive Director for Neighbourhoods in conjunction with the Borough Treasurer.

4 Options/Alternatives

4.1 Members may chose to revise the proposed capital strategy and capital programme 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 capital programme 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 2013/17 capital strategy and capital programme, and there has also been discussion with Cabinet Members regarding capital priorities. Formal consultation with the members of the CIPB took place on 17th December 2012 when a detailed report was considered and with the Performance and Value for Money Overview and Scrutiny Select Committee on 28th January 2013. The capital strategy and programme was also presented for approval at the Cabinet meeting on 18th February 2013.

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 grant from Central Government. Prudential Borrowing costs will be financed either from savings from the project or from an allocation of general revenue resources. The revenue budget for 2013/14 has been prepared to include the financing costs of the additional prudential borrowing required to fund the investment programme.

7.3 The revenue implications will be detailed where known in applications for capital resources and examined in detail via the project management office in when reviewing the appropriateness of incurring capital expenditure.

7.4 As highlighted in the above the Government now only funds capital expenditure by grant. There are no allocations or supported or unsupported borrowing approvals, which means that any revenue implications of Government borrowing will relate to historic debt incurred prior to 2011/12. These have already been budgeted for.

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 and programme have been prepared so that they embrace 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 The extensive programme of ICT investment will enable the Council to transform many of its operations and introduce new ways of working. This will contribute to the achievement of existing savings targets and enable the Council to make further efficiencies.

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 All capital schemes will be procured in accordance with proper procurement practices.

15 Environmental and Health & Safety Implications

15.1 The Capital Strategy and programme include a corporate property major repairs, health and safety, Disability Discrimination Act and legionella allocation of £850k in 2013/14. The use of the resource will be prioritised so 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 CMCL-51-12

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 2013/14
	Capital Estimates 2013/14
Name of File:	Capital Strategy 2013/14

	Summary Capital Programme & individual capital programme estimates
Records held:	Finance Service, Level 14, Civic Centre, West St, Oldham
Officer Name:	Anne Ryans
Contact No:	0161 770 4902

21 Appendices

21.1

Appendix 1	Capital Strategy 2013/17
Appendix 2	Capital Programme 2013/17
Appendix 3	Capital Programme Annual Review

APPENDIX 1

Oldham Council

Capital Strategy 2013/17

Capital Strategy 2013/17

Contents

1. The Oldham Capital Strategy

Aims of the Strategy and its links to the Councils budget framework

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 in order to reflect the ambition that members of the community play an active role in building a co-operative borough, the Councils objectives were changed in May 2012 to:

A productive place to invest where business and enterprise thrive;
Confident communities where everyone does their bit; and
A Co-operative Council creating responsive and high quality services.

These objectives reflect the on-going commitment to ensure the Council works to serve the people of Oldham in all that it does and provides strong leadership for the borough. Such leadership is essential if the borough is to be able to meet the immediate challenges faced in a way that means it is stronger and able to make the most of opportunities in the future.

In addition, the 2013/17 capital strategy will be influenced by the principles which frame the overarching budget process for 2013/14 which are driven by the Repositioning Oldham agenda and the concept of a Co-operative Council. The Council is therefore aiming to:

- Regenerate the borough, building on the £106m investment programme approved during 2012/13 by attracting and securing significant amounts of external investment
- Instigate further transformational approaches to delivery of services with and by communities and staff in different ways that maximise involvement and delivery at a more local level and the increased use of technology and more effective working practices
- Devolve more services, decisions and resources to neighbourhoods
- Remove duplication, red tape and non essential spending

The objectives and principles also help underpin one of the main priorities of the Council which is the continuing 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 linkages are demonstrated in the capital strategy.

Principles of the Capital Strategy

The principles of the capital strategy are as follows:

1) The Capital Investment Programme Board (CIPB) will lead 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 and as a result, the Council must also ensure that its capital strategy reflects the GM Strategy and links into those of other Greater Manchester (GM) authorities.

2) The first call on capital resources will always be the financing of any over programming from previous years. In addition, all schemes already approved in the capital programme or contractually committed will be supported and sufficient resources will be provided to enable them to proceed or complete. These are presented in Annex 1 of Appendix 2.

3) A capital project sponsor 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. The Strategic Regeneration Project Management Office will have a clear role in ensuring that all the key questions have been asked at the initiation stage of a project.

4) All capital investment decisions will be made with reference to Council objectives and regional strategies and, only after a positive contribution to one or more of the objectives has been demonstrated, is a project to be considered for resource allocation.

5) The CIPB will 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. 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 and transport grant funding will be passported in full
   - the funding of adaptations to homes for the disabled with the first £350k of any Disabled Facilities Grant funding passported for appropriate projects

6) Pooled corporate resource will managed by the CIPB and it will review all bids for resources, evaluate them and then agree on the prioritisation of resources accordingly. A proposal will be prioritised in accordance with criteria set out in Section 5 of the strategy.

7) 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.

8) 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 on the utilisation of resources, as appropriate.

9) 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 Loan Initiative which was established when HMR resources were ring fenced to the HMR programme.

10) Building upon established good practice and the successful exercises undertaken in both 2011/12 and 2012/13, the CIPB will initiate periodic reviews of the capital programme which will examine all schemes in the programme to:

    a) Ensure that schemes still met corporate priorities
    b) Review their continued relevance in the context of a dynamic and constantly developing organisation
    c) Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and rephasing of planned expenditure
    d) identify any unutilised or under utilised resources
    e) consider any reallocation of resources

11) For the purposes of preparing the Capital Strategy and Programme for 2013/14, an assumption has been made that all resources reprioritised during the review of the capital programme that took place over the summer of 2012/13 will be fully committed. If this should not prove to be the case, then any unallocated resources will be carried forward into 2013/14 and added to the central pool for reallocation to other projects.

12) As well as using traditional funding mechanisms to fund capital schemes, the Council will also consider the use of new initiatives including bonds and TIF and develop these options if it is considered financially advantageous in the context of the Council achieving its capital investment objectives

13) 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 type 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

14) There are 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 is one already approved project for which continuation funding from Council resources may be required from 2014/15 onwards. This is the Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Project which aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. Whilst there is £850k funding for these initiatives in 2013/14, there is none in future years and clearly funding will be required to meet the on-going obligations.

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). 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:

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

Town Centre Conservation Area – if the 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 2014/15. A decision as to the requirement for the resource will not be know until late 2013/14.

School Condition Works – whilst the Council has provided resources to address the most immediate needs (category 1) for condition works within the school estate. There are however other works that could be undertaken to address the condition of the school estate if funding was made available before further deterioration necessitated the attributing of category 1 status.

School Capacity - 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 schools. When available, funding is required, over and above that already provided by the July 2012 investment, to allow additional capacity to be provided.

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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, Homes and Communities Agency 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

The principles are:

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 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 BSF and 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 Productive Place to invest 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 on-going 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 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 Green Deal initiative.

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 Productive Place to Invest. 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.

LINKS BETWEEN THE GMS AND THE OLDHAM CAPITAL STRATEGY

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 had been successful. Over the past year, a significant amount of work has therefore been undertaken across GM and in close conjunction with Whitehall to demonstrate the value of 'whole place community budgets'. This has been a significant opportunity to take a radically different approach to partnership delivery and investment across a range of services. Initial work has focused on key social policy issues e.g. complex families, early years, health and social care and transforming justice.

Oldham has been a key part of this GM work, both influencing approaches at a GM level and developing practical case studies of joint partnership projects that aim to both improve outcomes and save money for the public sector. As a result, we have achieved the first 'partnership investment agreement' in the country in relation to fuel poverty. As part of this, the Council, the Clinical Commissioning Group and Oldham Housing Providers have committed up-front funding, with the expectation of reducing the numbers of people in fuel poverty, and therefore reducing their demands on health and social care services, and ultimately saving those services money.

Over the coming months, we will be applying the learning from this to much bigger scale projects across the public sector (e.g. troubled families), and will be developing a full programme of public service reform for Oldham, sitting within the wider GM framework. This programme will seek to use resources and design services flexibly across the public sector in order to both improve outcomes and save money.

INVESTMENT OPPORTUNTIES

The Greater Manchester Combined Authority and Local Enterprise Partnership have developed a single approach to investment underpinned by a range of funds, totaling more than £100m, to help deliver the strategic priorities identified in the Greater Manchester Growth Plan. The fund includes Regional Growth Fund, Growing Places and European Regional Development Funds. There is a general presumption against grant funding, and a move towards investment proposals that will help create a sustainable regeneration fund for Greater Manchester.

To date, Oldham has submitted schemes at Hollinwood, Foxdenton, The Old Town Hall, The town centre public realm and Alexandra Retail Park. The Council will continue to submit bids for resources and assist the private sector in its bids. The Council has also supported Monopumps in accessing a £3million grant in order to facilitate their move from Audenshaw to the British Aerospace site in Chadderton, a scheme that will help bring around 200 jobs in advanced manufacturing to the area. Further to this the GM Investment Team has encouraged Oldham to explore the possibilities of unlocking any stalled housing developments in the borough by accessing investment finance.

The Greater Manchester Investment Fund provides a single point of access for investors, cutting through the bureaucracy that could prevent projects from getting funding. A Greater Manchester Investment Team has been set up that will support projects and enables them to find the most appropriate sources of funding.
The fund will create an investment cycle for private sector led projects that will drive economic growth and generate commercial returns. The investment will need to be repaid to fund future developments.

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 devolving of resources and decision making to Districts and neighbourhoods. 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 of £200k per annum have also been identified for a District Investment Fund from 2013/14 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. All non ring fenced capital funding and other non specific Council capital resources that are 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 capital 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:

a. the initial 2013/17 capital programme
b. any subsequent revisions to the capital programme

The Cabinet/Council will make the final decision on the overarching capital programme for 2013/17 and will subsequently delegate the updating of the programme and revisions to projects to the CIPB in order to minimize delays in the Capital programme

The CIPB will 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 2013/14 has been approved at £2.222m and £2.093m for 2014/15.

the Council's obligation to finance adaptations to the homes of disabled residents for which it expects to receive an unringfenced grant (the 2013/14 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 will therefore passport all of the unringfenced grant to support the transport programme and the first £350k of any disabled facilities grant respectively.

Grant funding allocations notified to the Council also include information about capital maintenance funding for Voluntary Aided (VA) schools. This grant is paid directly to the Church of England and Roman Catholic diocese respectively and is not therefore included within the Councils capital programme. Expenditure undertaken by the Council on VA schools is planned with regard to the availability of contributions from this grant and diocesan resources. No notification of the level of funding for 2013/14 has yet been received.

In addition, it has been assumed that all resources reprioritised during the review of the capital programme that took place over the summer of 2012/13 will be fully committed. If this should not prove to be the case, then any unallocated resources will be carried forward into 2013/14 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 and the first £350k of disabled facilities 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 for consideration to the strategic regeneration project management office. The business case 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. If the project management office considers the bid meets relevant criteria, will be referred to the CIPB for review.

Most funding notifications from Central Government for 2013/14 have been delayed and it is unclear when information will be received. With the exception of transport, highways and adult social care where confirmation of funding has been received, the allocation of resource has not been anticipated given the level of uncertainty. The deployment of resources will be finally addressed when all relevant information is available.

In addition, the Greater Manchester Combined Authority and Local Enterprise Partnership have developed a single approach to investment underpinned by a range of funds, totaling more than £100m, to help deliver the strategic priorities identified in the Greater Manchester Growth Plan. The fund includes Regional Growth Fund, Growing Places and European Regional Development Funds. To date, Oldham has submitted schemes for Hollinwood, Foxdenton, the Old Town Hall, the town centre public realm and Alexandra Retail Park. The Council will continue to submit bids for resources and assist the private sector in its bids.

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 (on receipt of appropriate Government directions), 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 approved a major programme of strategic investment in 2012/13 which is still subject to some finalisation in terms of detailed proposals for some schemes, phasing of expenditure and the level of external funding contributions. The CIPB will review the detailed expenditure plans before resources are committed.

Since 1st November 2012 the "certainty rate" has enabled Oldham Council to take advantage of a 20 basis points discount on standard loans from the Public Works Loan Board (PWLB) under the prudential borrowing regime, in return for providing improved information and transparency on locally determined long term borrowing and associated capital spending plans. The Council made a submission to Government in accordance with its deadline, advising of best estimates of long term borrowing and capital expenditure and has therefore qualified for the reduced borrowing rate. It is intended that the rate will be available until 31st October 2013. Thereafter, annual access to the "certainty rate" will depend on the submission of further details of borrowing and capital spending plans.

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 and there are two types of bond available to Councils:

1) 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 amount 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.

A recent development is that rather than each authority looking to issue its own bonds, the LGA has been lobbying Local Authorities to join into a nationwide Agency that would be responsible for issuing and managing the bonds. This opportunity is being kept under review but there are some risks with this approach as:

- Central Government does not support the agency, which has the affect of reducing confidence amongst bond counterparties.
- Further shocks to capital markets could make it harder to establish an agency.
- If not enough Councils join the agency, and/or levels of borrowing are too low to create sufficient business, the agency may be uneconomic.

2) 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 2013/17 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 Loan Initiative which was established when HMR resources were ring fenced to the HMR programme.

In considering the 2013/14 capital programme, and given the position with regard to capital receipts, a prudent approach has been taken and there has been no assumption of any additional capital receipts over an above those already underpinning the programme. Anticipated receipts upon which the programme relies to fund existing commitments have been affected by the depressed state of the property market which has impacted on the:

i) ability of the Council to sell assets within the timescale anticipated

ii) level of receipt that can actually be generated, which has often been less than originally expected

Revenue Contributions

A service or school 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 (TIF)
The Local Government Finance Act 2012 which received Royal assent on 1 November 2012. provided the legislative framework for the introduction of TIF. This initiative was first announced in October 2010 as an incentive to grow local economies and attract new businesses to areas and has been the subject of a consultation process.

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.

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 the implementation of TIF. No assumptions have been made about the availability of any resources via TIF in the 2013/17 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 the VAT shelter in the 2013/17 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.

The use of any S106 funding will be presented to the CIPB and Repositioning Oldham Project Investment Team for review.

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.

No additional PFI projects are anticipated. Any such proposals would be presented to the CIPB for evaluation before presentation for Members approval.

4. Capital Investment and Disposal Appraisal

All capital investment will be commissioned by the CIPB which will enable any expenditure and it's 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.

The Council has introduced improvements to its project management arrangements following a review of practice. In order to ensure the Council is well equipped to deliver against this key council objective, a Strategic Regeneration Programme Management Office (SR PMO) has been established to provide:

- A service for the CIPB, the Executive Group and Programme Management Boards (PMB) so they can take the right decisions quickly and with confidence.
- A structured project and programme management process for planning, approval, delivery and benefits realisation.
- Support, challenge and advice for project and programme managers.
- Effective co-operation between programmes and with external partners.

This structure promotes the following principles:

- Clear 'line of sight' for the governance structure from the Project Manager to Council.
- The delegation by Council of the overall budget for SR projects to CIPB, which will then be the only body that can confirm approval for expenditure of SR projects (within budget and tolerances delegated by Council), with the exception of the decision to initiate a project which rests with the relevant PMB through approval of the Strategic Business Case (SBC).
- The exercising by the CIPB of control over SR projects through the approval of:
  - a) Outline Business Case (OBC) which will focus on links to the Corporate Plan and outcomes.
  - b) Full Business Case (FBC) – the final investment decision. This will focus on the how the priorities set out in the OBC will be delivered, including
    - I. Project description
    - II. Consultation
    - III. Expenditure and funding including whole life costs and revenue implications
    - IV. Outputs
    - V. Option Appraisal
    - VI. Value for Money
    - VII. Delivery
    - VIII. Risk Management
    - IX. Sustainability, Forward strategy and evaluation
    - X. Asset Management
    - XI. Procurement

XII. Equality Impact Assessment
XIII. Environmental Impact Assessment
c) Change Requests where delegated tolerance levels will be exceeded.

As noted above a key principle is that there is clarity of the structure, i.e. clear 'line of sight' between a Project Manager and Council. This is achieved by the following reporting chain:

Project Manager reports to the Project Board, which is chaired by the Senior Responsible Owner (SRO);
Project Board reports to the PMB (for SR projects is either the Town Centre Regeneration Programme PMB or the Borough Wide Regeneration Programme PMB), which is chaired by the Programme Manager.
PMB reports to CIPB;
CIPB reports to Council, although on a day to day basis this can be through the Executive Management Team (EMT).

Gateway Review System

The Gateway Review system for SR projects is designed to promote the following principles:

Carrying out structured reviews at decision checkpoints, defined by boundaries between management stages, to test the project's management and its readiness to progress to the next stage.
Promoting project assurance through the application of a structured project management system.
Informing the governance process, but be outside of the governance process.

It is proposed that there will be four main management stages for SR projects, separated by decision 'gateways' or checkpoints. The four management stages are as follows:

Start Up
Delivery Strategy
Design & Procurement
Delivery & Handover.

The decision checkpoints are defined by the boundaries between stages and the decisions that the Project Board, PMB and CIPB will take when managing the project lifecycle. The checkpoints and the associated Gateway Review process are designed to promote clarity of thinking, proper planning, transparent progress reporting, the achievability of benefits and the effective management of risk.

When a potential project is still a concept, i.e. it has not yet been formally accepted as a project within a SR programme, the SR PMO will undertake a quick 'triage' process to determine whether the concept actually is a potential project or just business as usual (BAU). After this 'triage', and assuming that the concept is classed as a potential project, four Gateway Reviews will be carried out, starting with consideration of the SBC and thereafter at each stage boundary. In summary, the Gateway Review process will pose the following questions to help inform decision making by the governance structure:

Process	Question	Outcome of Positive Answer
SR PMO Triage	*"How should we manage this?"*	SR project not BAU
Gateway 1 (approval to initiate the project and start planning)	*"Is it worth planning?"*	PMB approve SBC and issue Project Mandate
Gateway 2 (delivery strategy)	*"How will we deliver this?"*	CIPB approve OBC and progression to next stage
Gateway 3 (investment decision)	*"Can we afford to progress the project and commit funding?"*	CIPB approve FBC, contract close and commitment to funding
Gateway 4 (readiness for handover)	"*Is it ready to handover?*"	PMB confirm ready for handover to End User(s)
Benefits realisation	"*Now we ensure all the benefits are realised*"	SMT/DMT confirm that expected benefits have been realised

The Gateway Review structure is designed to be efficient by only requiring detail when it is needed to get to the next stage. It also tries to minimise additional work for team members by using templates that build on each other, reducing the need for reworking.

A review of the realisation of the expected benefits will be carried out after the project has been completed. Since SR projects will generally deliver accommodation or infrastructure to End Users, i.e. the transition to full operations and the realisation of operational benefits will generally be outside the scope of the project. Therefore it will be for the SMT or DMT that originated the concept to carry out this review, which is not part of the Gateway Review system.

Strategic Regeneration PMO

Having cleared a concept through the 'triage' process, assuming that it is to progress, the SR PMO will advise the originating SMT or DMT and their nominated SRO on:

- the governance structure for SR projects;
- the processes and templates set out by the updated PM Handbook;
- the Gateway Review process
- any relevant Lessons Learned Reports from other projects.

In addition to conducting the 'triage' process and providing the advice indicated above, other tasks that the SR PMO will undertake can be summarised as follows:

- maintain a register of all live SR projects that shows key information including the aim, programme, value and current status;
- manage the Gateway Review process;
- coordinate project support from other Council functions (e.g. Finance, Procurement, Legal etc);
- coordinate the submission of SBCs to the relevant PMB for consideration and, if approved, the issue of a Project Mandate;

- coordinate with the Capital Investment Programme Manager regarding the submission of Business Cases (OBC and FBC) to CIPB along with their supporting Gateway 2 and 3 reports;
- maintain a register of Lessons Learned Reports;
- over time, build up an auditable record of all SR projects from inception to completion and the realisation of benefits;
- provide a focal point for coordination between projects;
- provide support to SROs and Programme Managers;
- ownership of the documented processes and templates for governance, Gateway Reviews and project management, i.e. the PM Handbook;
- coordination and analysis of training needs for the SR project management community.

Flexibility

The governance structure, the Gateway Review system and the processes described out by the PM Handbook set out a rigorous approach to effective project management and effective governance and the disciplines imposed should be the default approach for SR projects. However, all projects are different in scale and complexity, as are the circumstances driving the business need for projects, and some flexibility of approach must be allowed to acknowledge these variable situations.

Along side the SR PMO is a Repositioning Oldham PMO which concentrates on revenue projects and operates a similar set of principles.

5. How the Capital Requirements will be Prioritised

Once a bid for capital expenditure has passed though the Gateway process and has demonstrated that it meets Council Objectives and links to the Greater Manchester strategy (if appropriate) and it has been agreed that it is suitable for capital investment, 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. Bringing in substantial external resources for which Council matched funding is required
11. Likely to have the highest impact on achieving improved performance against the Council's key objectives
12. Making a contribution to carbon reduction targets
13. Supporting other "green" initiatives
14. Supporting regeneration and economic growth particularly in the town centre and district centres

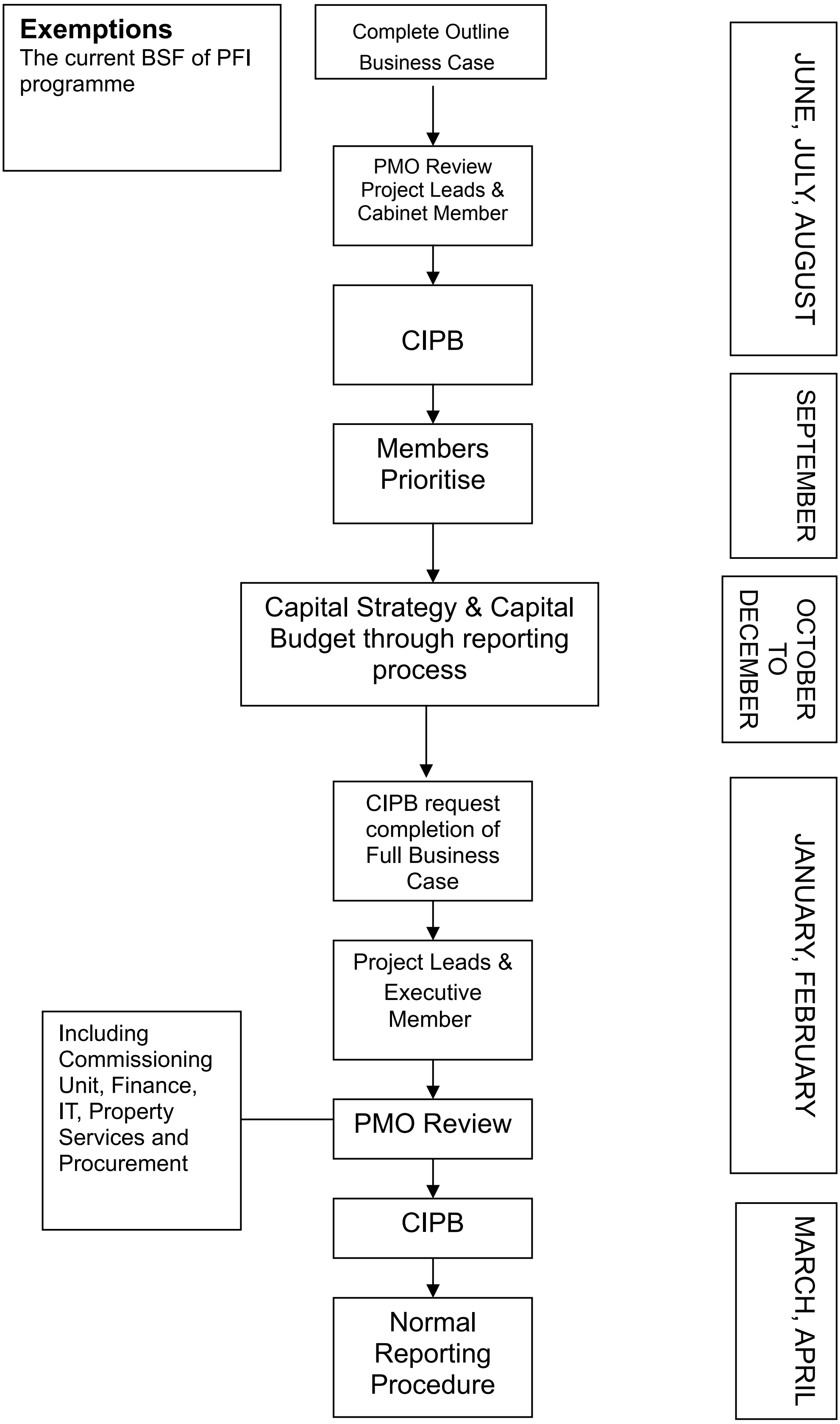
The results of this process will be presented to Members each year as part of the capital budget setting process, or during the year if projects come forward outside the normal timeframe.

A Full Business Case which has passed all the PMO stages 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.

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 via procurement will be achieved by:

- Efficient procurement processes which are constantly being enhanced. For 2013/14 onwards the Council is developing opportunities for even further reductions in contract prices and will expand the range of providers included within the early payment discount scheme that the Council introduced in 2012/13
- Strategic contract management of the wider supply chain to ensure continuous savings through the life of the project
- Procuring fixed price contracts with risk / reward terms to incentivise further efficiencies.
- Joining in AGMA wide procurement initiatives which will provide savings by economies of scale
- PFI and Public Private Partnership (PPP) agreements and other innovative financing arrangements where practicable
- Leasing/borrowing strategies which will consider the most effective means of acquiring assets

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

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 9 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.

The programme management support function will therefore 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

With effect from 2013/14, the designation of the CIPB will be as an Advisory Board. It will be chaired by the Cabinet Member for Finance, Human Resources and Strategic Partnerships. Other members will include the Executive Directors for Neighbourhoods and Commercial Services respectively, Assistant Executive Directors from each Council Portfolio area, and the Cabinet Member for Housing, Transport and Planning. The Leader of the Council and the Deputy Leader will have a standing invite to the meetings. The Board is supported by senior Finance Officers, the Capital Investment Programme Manager and an officer from the Strategic Asset Management Team. The Board has detailed Terms of Reference which have been revised for 2013/14 and are included at Annex B.

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
- Considering and Approving business cases
- Monitoring performance of individual capital projects and the whole capital programme
- Reviewing the availability of capital resources and reprioritisation of resources as required

The CIPB will initiate periodic reviews of the capital programme which will examine all schemes in the programme to:

- Ensure that schemes still met corporate priorities
- Review their continued relevance in the context of a dynamic and constantly developing organisation
- Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and rephrasing of planned expenditure
- identify any unutilised or under utilised resources
- consider any reallocation of resources

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.

Annex A

Current Capital Priorities

The Council has an approved capital programme which has already committed resources to support schemes for the 2013/14 and future financial years (as per Annex 1 of Appendix 2). 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 and PFI schemes are set out in the following paragraphs. The presentation is framed around the Council Portfolios by theme within the Directorate. Given the overlapping nature of the Corporate projects and those of the Neighbourhoods Portfolio, these have been combined in the following narrative.

The final section of this Annex shows potential priority investment areas for 2013/14 onwards and this will be taken forward subject to the availability of resources and the preparation of a full business case.

Corporate/ Neighbourhoods Portfolio Projects

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

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

The BSF programme was a national Central Government initiative. The Council was successful in its bid for BSF funding although the actual 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 BSF programme features one PFI school, one design and build school and the three Academies are all design and build projects.

The PFI school (The Blessed John Henry Newman School) opened in Sept 2012 with a capital value of £35.8m. 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) is a refurbishment with a capital cost of £23.8m, there is a phased handover with construction scheduled to be fully completed in Summer 2013 and is entirely funded by BSF capital grant.

The overall values and the actual/ estimated opening dates of the three Academies are tabulated below. All of the construction costs are met by Central Government grants from the sponsoring Department.

	Open to Pupils	Planned Project Expenditure £m
OASIS	September 2012	25.5
Waterhead	November 2012	26.4
Oldham Academy North	April 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:

Housing PFI 4

The Gateways to Oldham PFI 4 scheme reached financial close on 30 November 2011 and will see the refurbishment of 316 existing properties and the creation of 317 new homes, with a total capital value of £77m. The Council has entered into a 25 year contract with Inspiral Oldham who will use private finance to fund the construction works and manage and maintain the properties for the duration of the contract through to October 2036. Construction is currently behind programme but the Contractor expects to catch up by the end of the financial year. By the end of the financial year it is estimated that approximately 200 refurbishments and 50 new properties will have been completed. To assist with overall programme affordability the Authority is making a capital contribution in the sum of £12.026 payment which is being phased as dwellings are commissioned. Of this sum £4.917m will be paid in 2013/14 and £2.353m in 2014/15.

Housing PFI 2

PFI 2 was signed in 2006 to provide 1,429 sheltered accommodation dwellings in a mixture of bungalows and group schemes with construction finishing behind schedule in May 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. The project has a lengthy dispute profile. On three occasions the Authority’s right to levy deductions has been referred to Adjudication, the last of which was in May 2012, and in all cases the Authority has been successful in defending its rights. Discussions are ongoing with H21 to establish what remaining rectification works are required and then to establish a credible programme of works to be undertaken (by H21) that does not compromise tenant welfare. In addition a number of compensation claims (most of which are considered to be without foundation) have been resubmitted by Housing 21. There is obviously a residual financial and operational risk until all these issues are resolved, however, the Housing Revenue Account budget for 2013/14 has been prepared on the assumption that ongoing payments to Housing 21 will remain as currently contracted..

Street Lighting PFI

The joint approach between Oldham and Rochdale Council resulted in both authorities entering into a Street lighting PFI contract with its service provider Community Lighting Partnership. The financial close was achieved in April 2011 and the operational element of the contract provides for the management and maintenance of the entire lighting stock commenced in July 2011 and running through to July 2036. The capital element of the contract will see the replacement of approximately 22,786 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.

3) Corporate Property Related Projects

There are two major property related initiatives which are either within the approved capital programme or may require resources in 2014/15 as follows:

Corporate Major Repairs /Disability Discrimination Act Adaptations/Legionella /Health and Safety Projects

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 also incorporates undertaking work to ensure compliance with Care Quality Commission national standards in the eleven establishments providing adult social care services. The 2013/14 capital programme initially had £750k of Council capital resources allocated to corporate major repairs.

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, established funding for this important area of work was initially £500k for 2013/14, all financed by Council resources.

Since consideration was given to the creation of these separate funding streams, the operation of Councils property function has been revised. New working arrangements have been brought in to practice and it has highlighted the need to manage the three areas of resources collectively to ensure their best and most effective use. A change to the capital strategy is therefore, the classification and management of the resources in future as one Corporate Major Repairs /Disability Discrimination Act Adaptations/Legionella /Health and Safety Projects fund.

Having regard to the most appropriate use of the resources in 2013/14, a review of the highest priority property related condition works has highlighted an additional funding need for schools. The capital programme will therefore reflect the virement of £400k of the corporate property/DDA etc budget to the schools condition works project.

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.

The detailed usage of the resource is subject to initial scrutiny by the CIPB before approval of the programme of works is given.

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 July 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 2013/14 programme includes the final phase of planned spending at £1m, all financed by prudential borrowing.

4) Transport Related Projects including Metrolink –

There are a number of key transport related projects that the Council is planning to undertake in 2013/14. However, the transport programme is managed largely with regard to the Local Transport Plan complemented by other projects 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 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 Indicative allocations for 2013/14 (£2.222m) and 2014/15 (£2.093m) have now been confirmed as final allocations by Government. The Greater Manchester Combined Authority agreed that the LTP maintenance block funding for 2011/12 – 2014/15 be distributed in line with DfT's distribution (27th May 2012) and as such these allocations 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 2013/14 LTP resources currently totalling £1,322,746. 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 2013.

Programme area	2013/14 Commitment £
Junction Improvements Osborne Street/Mars Street/Quebec Street	60,000
Oldham Town Centre Vehicular Signage	110,000
Oldham Town Centre Pedestrian and Cyclist Signage	20,000
School entrance improvements schemes	10,000
Weight limits signage consolidation	22,500
Tourism signs to key routes and destinations	10,000
Pedestrian and vehicle improvements, Failsworth District Centre	210,000
Ladcastle Road resurfacing	36,000
Highway scheme at Stannybrook Road	10,000
Highway, drainage and safety scheme at Bullcote Lane	160,000
Completion of Union Street West Footbridge	20,000
Completion of Cote Intake Bridge	162,000
Metrolink Project Development	160,000 minimum TBC
Maintenance of two bridges on the Pennine Bridleway	19,700
Heritage Street Lighting columns	50,000
Street lighting associated with Metrolink 3B for payment to TfGM	262,546
Metrolink Route Stops	TBC
Total	**1,322,746**

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, and in accordance with the capital strategy, £899,254 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 approve.

Local Sustainable Transport Fund

The Local Sustainable Transport Fund (LSTF) is a Department for Transport (DfT) fund for transport projects (capital and revenue) that promote economic growth and reduce carbon emissions. Following a successful Greater Manchester bid led by Transport for Greater Manchester, Oldham will receive a £862,804 share of the GM grant award of £32.46 million (£800,097 capital and £62,707 revenue).

There are four Oldham projects included within the overall Greater Manchester LSTF programme which 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 name	2012/13 Revenue	2012/13 Capital	2013/14 Revenue	2013/14 Capital	TOTAL

	£	£	£	£	£
Cycling measures along the 'Arc of Opportunity' (i.e. the A663 Broadway corridor)	6,650	-	20,450	216,656	**243,756**
Walking measures to Metrolink priority stops	10,980	72,000	6,820	395,138	**484,938**
Cycle Scheme – Rochdale Canal Access Improvement Scheme	9,307	63,538	-	-	**72,845**
Cycle Scheme – Oldham to Kingsway Business Park Connection Scheme	1,500	-	7,000	52,765	**61,265**
TOTAL	**28,437**	**135,538**	**34,270**	**664,559**	**862,804**

These projects have been included in the capital programme.

In addition to the grant allocation of £862,804, a separate contingency allowance of £191,984 (£185,682 capital and £6,302 revenue) is being held centrally by TfGM will be available through a satisfactory change control process application.

Cycle Safety Fund Bid

A bid for £297,000 has been submitted to the Department for Transport's Cycle Safety Fund, a £15 million capital fund for Cycle Safety Improvements. The bid was submitted on 30th June 2012. If successful, the schemes in the table below will be included in the 2013/14 capital programme. The bid includes already approved project funding to demonstrate a Council contribution to the bid.

CAPITAL BID	DfT BID FIGURE £
Scheme 1. A62 Corridor Improvements (£39,743 secured LSTF funding for Hollinwood Avenue OL1, Scheme Total = £194,743)	155,000
Scheme 2. A669/A671 Corridor Improvements (£55,741 secured LSTF funding for Broadway – non-trunk OL1, Scheme Total = £197,741)	142,000
CAPITAL DfT BID TOTAL	**297,000**

Essential Highways Maintenance Funding – 2012 Autumn Statement

In early December 2012, the Government announced that £333m will be available from the Department for Transport (DfT) for a dedicated fund to provide for essential maintenance to renew, repair and extend life of the highway network in England. On 18th December, the Council was notified that the Government was allocating £215m of this fund to local highway authorities and Oldham Council was to receive £404k in 2013/14 and £216k in 2014/15. As this resource is ring fenced, it has been passported for highways maintenance usage and a programme is being worked up for implementation.

Fleet Management

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 2013/14 (the 2012/13 programme also included £3,463,602) in order to fund the fleet vehicle replacement programme. The cost of the prudential borrowing is being met from existing fleet management revenue budgets.

2010 Highways Investment Programme

The Council's highways related assets have a value of approximately £1bn and cover 814km of adopted highways and 108km 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 £2.5m is planned for 2013/14 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.

2012 Highways Investment Programme

Recognising that whilst the £10m current investment will address some of the issues on Principal Roads, the capital investment report approved at the Council meeting in July 2012 included investment of a further £2m on preventative works on Principal Roads to stem the deterioration rate by means of patching and then surface dressing work which would extend the life of the carriageway by anything up to seven years. Realistically, this sum of money cannot address the backlog, but properly targeted will contribute to an overall improvement in carriageway conditions. The expenditure of £1.5m, financed by prudential borrowing, is included in the capital programme for 2013/14 with £0.5m included in the 2012/13 programme.

DfT Local Pinch Point Grant Funding

On 3 January 2013, the Department for Transport (DfT) confirmed the launch of a new Local Pinch Point Fund worth nationally £170 million over the period 2013/14 to 2014/15. Bids for this funding have been invited by 21 February 2013.

The Fund is designed to promote economic growth through the rapid deployment of highway based schemes that remove transport barriers or prevent the emergence of new transport barriers. Eligible schemes include:

- New or improved links to key economic sites.
- Schemes to tackle congestion.
- Schemes that address the condition of highway structures (e.g. bridges and retaining walls) that could cause problems for access.

All bids must need to demonstrate a clear link to growth, for example by demonstrating a link to jobs created or housing development secured by the scheme, with an estimate of the Gross Value Added (GVA) impact.

The DfT funding must only be used for expenditure that qualifies as capital and must be spent by 31st March 2015 and promoters (local authorities) are expected to provide funds to support at least 30% of scheme costs. Two types (sizes) of scheme are eligible:

- Schemes requiring £1 - 5 million of DfT support; and

- Schemes requiring £5 - 20 million of DfT support, for which a full major scheme business case would need to be ready to be submitted, with a stated presumption in the DfT guidance against schemes of £10m plus "unless they are of truly exceptional value".

The guidance provides for a package submission to be made to the Fund from areas such as Greater Manchester, supported by GMCA (as the Local Transport Authority) and the Local Economic Partnership. As a consequence, Transport for Greater Manchester (TfGM) is preparing a final bid on behalf of GMCA and the LEP. TfGM officers are currently reviewing a range of potential bid elements from promoting authorities, including the two from Oldham as set out in the table below, to ensure that they fit with the strategic purpose, scale, match-funding and delivery timescales required by the guidance.

Scheme	DfT Funding Sought £	Potential Match Funding £	Potential Scheme Total £
Oldham Way/Chadderton Way Corridor	2,072,000	888,000	2,960,000
Foxdenton Area – new access road to the development site	2,679,000	Council - Land to the value of £600k Third party - £1,186,000	4,465,000

At this stage it is unclear whether either of the bids will get through the bidding stage and at what value and therefore what level of matching funding may ultimately be required. The Council may therefore have to allocate any currently unallocated 2013/14 resources to provide match funding.

Given the timing of the final bid the authority to agree any Oldham schemes to be included in the final GM bid submission, including any local match-funding will be delegated to appropriate officers and Members.

5) Housing Related

There are two housing related initiatives which are either within the approved capital programme or may require resources in 2013/14 as follows:

Housing Market Renewal (HMR) and the South Werneth Redevelopment

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.

The South Werneth redevelopment proposal was approved by Cabinet in March 2012 to address the problem created with the withdrawal of HMR funding and the partial completion of the housing redevelopment programme. A number of housing blocks remained standing with residents living next to and facing empty boarded up properties. The uncertainty regarding the future of the blocks left residents unable to sell or invest in their properties and the empty properties attracted anti social behaviour further impacting on the residents feeling of insecurity. Following representation from a number of local residents and the elected members for the area, proposals to complete the regeneration plans for South Werneth were prepared including the acquisition and demolition of additional properties to then facilitate the future redevelopment of the assembled site.

This site assembly is being funded, at least in part, through the disposal of 38 unimproved properties located across the wider Werneth area and not in the immediate vicinity of the proposed development site. Anyone affected by the demolition proposals is to be given first priority to acquire one of the properties with any remaining properties being sold on the open market on the understanding that the proposed purchaser will enter into a building licence, detailing the minimum standards for improvements and the timescales within which the work must be completed to bring the property back into use.

The July Council capital programme report included a funding allocation of £236k to deal with the purchase of properties that were outside the scope of the already approved South Werneth project but would be desirable to purchase to enable the full regeneration of the area. Further examination of the costs of the project has taken place and it is considered that the costs can be contained in the overall South Werneth project and the £236k has been allocated to Strategic Acquisitions.

Overall expenditure of £1.210m is planned for South Werneth with £710k to be incurred in 2013/14 all funded by capital receipts.

Local Authority Mortgages

Members approved the Local Authority Mortgage Scheme (LAMS) as a key strand of the 2012/16 capital strategy and capital programme. The scheme is being 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 funding institution which whom the Council has entered an agreement) strict credit requirements and also criteria set by the Council, an indemnity will 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 is for the first 5 years, when there is most risk of repossession.

The Council has chosen to progress a '**cash backed'** scheme using a £2m fund financed by prudential borrowing of which £1m will be available in 2012/13 and £1m in 2013/14. In 2012/13, the Council placed £1m as a 5 year deposit into an account with the lender representing the full value of the indemnity being offered. A second £1m will be deposited in 2013/14.

As an average, a £1m per year investment supports 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 being led by the Home Builders' Federation and the Council of Mortgage Lenders. The scheme, which began in March 2012, is open to all builders and lenders operating in England.

Major house builders companies have signed up and all potential buyers will be able to access mortgages up to 95% of the loan.

The Government scheme is focussed only on new-build housing as it is a partnership with builders complements a Local Authority Mortgage Scheme, which is open to other properties.

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.

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.

Resources of £200k have been included in both the 2013/14 and 2014/15 programme, however, resources of £500k for each year are sought. This is therefore one of the priority areas for an additional capital resources allocation.

6) Energy Efficiency Projects

The Council has a requirement to ensure that it is seeking to maximise energy efficiency. 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. As a result a number of energy measures (voltage optimisers) have now been installed at council sites and a number of projects are already in place at key energy consuming locations. A revised quick win energy saving plan for the Civic Centre has been developed. In addition Unity is supporting the development of an encompassing strategic low carbon energy plan for the Council in conjunction with the Governments Green Investment Bank that will be ready for implementation from February 2013.

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 Town Centre and Borough Wide Regeneration

The capital programme report that was approved in July 2012 incorporating capital investment of £106m in total, all funded by prudential borrowing included a substantial investment in town centre and borough wider regeneration. This extensive programme reflects the Councils commitment to reenergising the local economy and creating jobs. The investment is aimed at pump priming a selected number of key regeneration projects which will stimulate private sector investment and economic growth and to improving the infrastructure which supports our local communities such as roads, schools, adult care and the leisure offer. The projects included in this section of the capital strategy focus on town centre and borough wide regeneration initiatives.

A) Town Centre Regeneration

The investment programme encompasses 5 large scale projects outlined below at (a) to (e), the financial implications of which total £50.149m beginning in 2012/13 and phased over the financial years to 2016/17. There are two other projects (f) and (g) which complement the investment programme funding. Through a co-operative, ‘town team’ approach, the Council will work with partners to ensure realisation of the long term vision for a more economically, socially and environmentally connected Oldham of the future. At the heart of Oldham is the Town Centre where there is great capacity for growth. Metrolink, ultrafast next generation broadband and vastly improved public realm will create the setting for new development and investment opportunities. The Council has already committed resources to make sure this happens and is now working with development and investor partners who are leading edge, creative and keen to work with a Co-operative Council on key development projects including:

a) Hotel Future

The Council, together with the Manchester Hoteliers Association and The Oldham College has entered into a Memorandum of Understanding to work cooperatively to deliver a National Hospitality Training Academy (NHTA).

The development in Oldham will form a blueprint for the proposed expansion of the initiative throughout the UK. The Academy will provide a unique opportunity for students to gain training in the hospitality industry through a combination of structured courses and on-the-job training in the professional and commercial environment of an upscale hotel and convention centre designed and constructed specifically to accommodate the NHTA. The NHTA will be designed to provide world-class training facilities and skills development in a high quality professional and commercial environment. It is expected to attract students and apprentices from across the UK and throughout the world, as well as furthering careers for existing hospitality industry employees.

The project will entail the financing, design, construction and operation of a circa 120 upscale bed roomed hotel incorporating the Queen Elizabeth Hall as a convention centre. The Hotel will be run on a commercial basis with paying guests served by a combination of full time trained staff together with students and apprentices enrolled in the NHTA training and apprenticeship programmes.

b) <u>Oldham Town Hall</u>

Redevelopment of the Oldham Town Hall is a key Town Centre development opportunity. Extensive work has previously been carried out to stabilise the building and make it weather tight and work is planning approvals have been secured for a new use. It is planned that the development will include cinema, retail and restaurant uses. Work is continuing to complete a final business plan and the aim is that the development will be completed in 2014/15. Planning permission has been granted for the scheme to progress for which full designs are being progressed before the end of the 2012/13 financial year.

c) <u>Heritage Centre / Relocation of the Coliseum Theatre</u>

The capital project combines the relocation of the Coliseum Theatre and the creation of a resource to promote the heritage of Oldham and allow the bringing together of heritage materials held in a number of different locations. This is to be based around the Old Library to minimise new build and bring efficiencies.

It is planned that the new theatre will provide a 600 seat traditional proscenium theatre with fly tower, a 150 seat studio theatre, foyers with catering for all day use, dedicated education spaces, rehearsal room, production and office space an dressing rooms. Some of these facilities can be shared with the heritage centre and provide a more flexible use of space.

The Council has recently been successful in securing Heritage Lottery Fund grant of £615k which will be utilised in 2013/14 for further development of the scheme to Full Business Case. The decision on a further bid for Arts Council grant resources is awaited.

d) <u>Public Realm</u>

New public realm infrastructure investment is vital to the realisation of the Council's ambitions. It will provide the glue to bring together the old and the new, creating a cohesive, compact and attractive Town Centre with all the right conditions for stimulating growth. Delivery of this infrastructure concurrently with Metrolink work will produce a 'big bang' effect and a real Oldham sense of place.

A transformational Public Realm Implementation Framework has been produced which sets out how the Council's ambitions for a regenerated public realm can be realised. An initial town centre public realm project was approved as a two year scheme in 2012/13 with a total investment of £2m and this together with the additional investment programme resources approved by Council in July 2012 will facilitate achieving the aims of the Framework. This covers landscaping, feature lighting projects, public art and statues, and overall improvements of connecting areas. Further public realm improvements will be incorporated into new developments including Metrolink, the Old Town Hall, Hotel Future and Alexandra Retail Park. There is also a bid currently under consideration for Townscape Heritage Initiative funding to improve the Conservation area which would require a £500k matched funding contribution if successful and is highlighted as a potential priority funding project.

e) <u>Eastern Gateway</u>

The eastern gateway into the Town Centre has secured a budget of £1.5m for redevelopment. A full masterplan is under development to fully utilise the opportunities for investment in the area following the arrival of Metrolink to the area.

f) <u>Strategic Acquisitions within Oldham Town Centre</u>

The Council is keen to take a pro-active approach to regenerating Oldham Town Centre, taking advantage of the current market conditions to acquire properties. In the longer-term, it is hoped that an increased land holding could be used to influence and stimulate development within the Town Centre and separately, allow the Council to benefit from any general market improvements and Metrolink added value. The plan is to acquire what are perceived to be 'strategic' properties, those which could potentially be opportune and, post Metrolink, would either be;

best placed to benefit from any scheme value or;
may benefit the Town Centre by adding value in other areas, or;
adjoining existing Council owned land.

The July 2012 Council capital report included a capital budget to facilitate an acquisition programme over 2012/13 and 2013/14. Some of the resources have been reallocated to the Royton Town Centre project and this has left a balance of £6.734m available for 2013/14.

g) Regeneration Development - FCHO

The proposal to sell an area of land at Union Street / Phoenix Street to First Choice Homes Oldham (FCHO) and to work jointly with FCHO in facilitating the construction of a new landmark office headquarters building. The cost of this project is £4.125m in 2013/14.

B) Other Priority Regeneration Projects

There are five other priority regeneration projects that the Council has agreed to support via the investment programme (a) to (e). These will require investment of £5.538m over the financial years 2012/13 to 2016/17. In addition there are two other projects (f) and (g) which also complement this investment.

a) Hollinwood / Langtree

This is a proposed redevelopment of vacant sites surrounding junction 22 of the M60 motorway at Hollinwood. The scheme is being brought forward in conjunction with the appointed Strategic Development Partner Langtree Plc as well as other key land owners and the stakeholders at this location, via the Hollinwood Board and the establishment of a newly formed Hollinwood Partnership. The Council's capital costs outlay, to assist in accelerating delivery, is over the period 2012/13 to 2016/17. This, however, this will result in capital receipts as end users are secured and developments on Council owned sites are completed, thus minimising the actual net capital contribution required by the Council.

b) Alexandra Retail Park

This scheme will lead to the redevelopment of the existing retail park and adjacent vacant Council owned land. The scheme is in conjunction with the private owners Brookhouse Group. The Council's capital outlay is expected to be over the period 2012/13 to 2016/17 to fund pre construction fees but there will be costs in kind in relation to land. Further capital investment will be funded through the sale of the Council's shareholding in Oldham Property Partnerships.

c) Oldham Athletic Football Club / Lancaster Club

The acquisition of the Lancaster Club by the Council is to facilitate the redevelopment of the site and further redevelopment of the Boundary Park site. The anticipated investment will secure the future of the club within the Borough. It is planned that some of this will be self financed, but to be prudent, the impact in the overall position has not relied on the self financing.

The Council has received outline planning permission for the site and is actively seeking developers to acquire all or parts of the residential element of the site and an occupier for the planned commercial unit fronting Broadway. The timing of the capital receipts and the Council's return on investment would be dependent on developer interest, although third party agents have indicated that demand should be present.

d) Working Smarter with Assets

The Council already has programmes for asset rationalisation and asset disposal programme in place and expenditure required from 2014/15 to 2016/17 is to continue with the initiatives. A fairly modest sum is required to enable the Council to achieve revenue savings, including contributing to targets already in the budget and also generate capital receipts to support the capital programme.

e) 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.

f) Neighbourhood Town Halls

In line with the Co-operative Council ethos, a priority for the Council is investment in neighbourhoods, in particular the creation of hubs around neighbourhood town halls. It has been agreed that two developments will be taken forward, although only one has a resource requirement at present:

i) West Oldham District Partnership has agreed that for the moment the Civic Centre will be utilised as the District Town Hall for West Oldham. A wider asset review is underway across the District looking at where assets can be rationalised and where opportunities arise for the co-location of services. This asset review will inform the decision by Members on the long-term location of the West Oldham District Town Hall and as such, whilst this is a strategic priority project, no capital allocation has been made as yet. This position can be revised when further information becomes available.

iii) Royton Town Hall - it is estimated to cost in excess of the £1m with contributions potentially coming from planning gain. This project will therefore be programmed for 2014/15.

g) Royton Town Centre Development

It is planned that Royton Town Centre should benefit from private sector investment over the period 2013/15 which will create a 25,000sq ft food retail outlet, refurbishment and reconfiguration of the Royton Precinct together with improvements to the car parking and public realm. Total investment is likely to be in region of £20 - £25m. This is likely to create around 150 new jobs at the food store. The Council is in the process of working with developers to facilitate the project but has had to make a capital programme provision of £3.302m in 2013/14 should it be unable to finalise an appropriate commercial agreement. It is therefore anticipated that some/all of the resources in the 2013/14 capital programme may be released if negotiations with the developer are successful.

8) Leisure Estate

Following an independent review of leisure services in Oldham undertaken during the winter of 2010/11 Council agreed to reconfigure the leisure estate in order to both reduce the revenue burden on the Council and improve the leisure offer to the public. It also 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.

Cabinet considered reports on the leisure review during 2011 and an extensive consultation exercise was run between September and November 2011. This culminated in the Cabinet on 13 March 2012, approving the reconfiguration of the leisure estate including the replacement of four existing facilities with the provision of two new facilities within the new leisure operating contract in Oldham Town Centre and Royton Town Centre.

Detailed work has been undertaken on the cost of assembling sites and constructing leisure facilities on the preferred sites with a vision to deliver facilities with an Olympic legacy in Oldham. The overall projects costs that have been prepared covering the period 2012/13 to 2015/16 amount to £13m, net of the element that is financed by savings from the greater efficiencies from the new estate.

The costs reflect phased costs which flow from a tendering exercise for the facilities due to be completed in mid 2013. Members have given an undertaking that centres will not close until replacements are in place in 2014.

On 17 December Cabinet approved the recommendation to appoint OCL as the preferred bidder for the new 15 year operating contract, with a potential break at year 10, which will commence in April 2013. Work with the preferred bidder during the final quarter of the financial year has developed the contract and agreed performance management.

9**)** **District Partnerships**

The Emergency Revenue Budget that was approved in July 2011 following the change to the Council's Administration included the provision of resources to support the 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 2013/14 to 2015/16 but at a reduced sum of £200k per annum.

Commissioning

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

1) Schools

The 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 by Government of two single year interim capital funding allocations for 2011/12 and also 2012/13. This did not facilitate long term planning, The review considered options for change and extensive recommendations for the future, which if introduced, would have radically change the operation and management of schools related capital expenditure. Despite the hailing of the James Review proposals as the future for education capital spending, the Government has only taken forward two aspects of this Review:

a) Priority Schools Building Programme

Under the Priority Schools Buildings Programme the Council submitted two bids, one for Saddleworth School and one for Royton & Crompton School.

The Saddleworth bid was successful and the replacement school which may be remodelling and/or build on site or on a completely new site is scheduled for first quarter of 2015. This is unlikely to mean an actual start in 2015 - more likely initial planning/ design. The Council is still trying to bring the scheme forward and understand the possible financial implications. The PSPB programme will fund only the buildings and will not cover ICT costs or sports pitches. There will need to be on-going discussion with the school in order that their resources are harnessed, together with Council capital resources to support the effective provision of the new school.

The Royton and Crompton bid was unsuccessful and measures are being put in place to ensure the school is maintained within the funding available.

b) Property Data Survey Programme (PDSP)

The Property Data Survey Programme has been established to enable the collection of up-to-date information on the building condition of the national education estate.

This national programme includes the procurement of an Asset Management Software (AMS) system to capture and analyse the information obtained as part of the surveys.

The aim of this programme is to enable maintenance funding to be focused on the buildings with greatest need. The condition data produced via the PDSP will help to inform decisions about future maintenance allocations determined from 2014-15. Oldham Council has submitted its data and 6 schools were selected for inspection in January 2013. The DfE will sample inspect all authorities by July 2013 and then make comments on their findings.

The Council and schools will be asked to comment on the survey and discuss any aspects of the survey that they disagree with, these concerns will then be reviewed by Department and the appointed surveyor. Surveys may then be amended if necessary.

The ring fencing of all but resources delegated to schools was discontinued by Government in 2011/12 giving the Council much more freedom to utilise resources in accordance with its own priorities. The strategy of the Council is to pool all unringfenced education Government capital grant resources is will continue into 2013/14.

In a letter received by the Council on 8th November 2012, the Department for Education (DfE) advised that the schools capital funding allocations for 2013/14 would be announced by the end of January. This deadline has now passed and no information has been received nor is there a revised date for the release of the information. This affects the three DfE allocations that the Council receives directly: basic need, condition maintenance and devolved formula capital. Usually, schools capital funding is announced with the Local Government Finance Settlement which enables the figures to inform the capital strategy and capital programme. The delay for 2013/14 is due to the time it is taking to complete the School Capacity Survey which is seeking additional data at Local Authority defined planning area level to give greater visibility of basic need pressures and the need to quality assure the information gathered.

Recognising the pressures that the delay will cause, the DfE considers that the use of the new planning data will enable basic needs resources to be allocated more effectively. At a national level, the DfE considers that the funding allocation will be broadly in line with the previous two years allocations of £800m but the detail per Authority is obviously still to be provided. There is the possibility of a multi-year allocation although clearly this is still to be confirmed. This would assist the Council considerably in planning for future years.

The late announcement means that the capital programme and capital strategy presented for scrutiny and approval in January and February 2013 will include no anticipated education funding allocations as the level and timeframe of the funding cannot be assessed. It is however clear that there will be some funding and the allocation of the resource will take place in accordance with corporate priorities.

Royton and Crompton School – Remodelling

In June 2012 a scheme at Royton & Crompton School was approved to remodel and refurbish classrooms along with toilet and office improvements, with substantial funding coming from the schools revenue budget. The final element of this project is due to complete in 2013/14 with revenue financed expenditure of £11.7k.

Special School for Secondary Age Pupils with Social, Emotional and Behaviour Difficulties (SEBD School)

In order to ensure that the Council is providing special education in accordance with statutory requirements a report presented to Cabinet on 23rd April 2012 approved a proposal to create a 60 place special school for secondary age pupils with statements of Special Educational Need relating to social, emotional and behavioural difficulties. This school is being developed by extending and remodelling school premises at Dean Street premises, the scheme will create provision for a 60 place secondary special school for children with statements of Special Educational Need relating to social, emotional and behavioural difficulties.

Although the Dean Street building had some condition issues, it offered the best option for potential limited extension and remodelling requiring the least amount of adaptation for the pupils specialist needs, which allowed the most effective utilisation of the resources available. The scheme includes two new build classrooms, removing narrow corridors, creating a new front entrance and reception, re-equipped Food Technology, Science laboratory and Craft design classrooms, creation of a mentor room, new remodelled practical teaching facility from former garages, and lighting and security improvements. The building is also to receive a full re wire.

The scheme will provide a consistent secure learning environment with opportunities to respond flexibly and supportively to presenting individual need. The facilities will offer a range of personalised learning experiences and so minimise any possible disruption to the learning of young people with complex, long term special educational need relating to social, emotional and behavioural difficulties.

At the tendering stage, the proposed cost of the scheme is projected to be under the initial budget allocated thus freeing resources for reallocation to other projects. The scheme was begun in 2012/13 with profiled expenditure for 2013/14 now being £725k with £33.9k in 2014/15.

Schools Investment Programme

There is a recognised need for additional investment in schools across the borough and a programme of new schemes addressing the specific needs of the school estate was developed and approved by Council in July 2012. This took into account not only the condition of existing buildings but school capacity issues.

The programme for investment in schools is:

Essential condition work in Primary, Secondary, Nursery and Special schools.

The replacement of Richmond and Westwood schools

The extension of Yew Tree and Bare Tree

The extension of the Blue Coat Academy

Since the approval of the new schemes above in July 2012, various factors have resulted in the new 3FE primary school scheme being re-examined. A number of options are under consideration and as these develop and a preferred option identified, funding approval will be sought via CIPB in line with established process.

The total investment allocated in July 2012 amounted to £15.3m over the period 2012/13 to 2014/15. This has subsequently been supplemented by £400k of corporate major repairs funding and £700k of devolved schools capital funding to support additional condition works. Even at this level of investment, there are some risks to the on going viability of the school estate but every effort will be made to manage the risks and resources will be targeted at the areas of greatest need.

Whilst this allocation of funding is addressing immediate needs, the Council is aware of further pressure on schools places and will consider further funding requests as a priority when resources permit.

Commissioning - Adult Social Care Projects

Dementia Centre of Excellence

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, in order to improve the Council offer to those who need care, there is a proposal, in accordance with the Councils capital strategy, to replace the current Dementia respite facility at Limecroft, with a purpose built centre of excellence for dementia services.

As the existing facility is too small for on site redevelopment, a new site will be identified. It is proposed to develop a Centre for Excellence to contain 20 en suite beds to provide pre booked respite, and a new residential reablement facility to help reduce permanent admissions. It is also planned to provide for day and domiciliary care from the Centre and establish a family support service at the Centre. In a linked development, the Council will be looking for a Housing Association partner to build a 40 bed extra care facility for people with dementia on an adjoining site, which would enable a fully integrated service to be developed.

The estimate is that this could cost up to £2m which may in part be financed from charitable contributions but this has not yet been confirmed. Therefore for planning purposes, it is assumed that a Council capital contribution of £2m is required. Work continues on taking forward this project and considering opportunities and options for this new development.

Disabled Facilities Grants for Major Property Adaptations

In 2012/13 the Council received an initial £745k capital grant from the DCLG as a contribution towards the cost of adaptations. This was supplemented by a further grant allocation of £173k notified to the Council on 6th December 2012. 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. Although this mandatory requirement has been removed, 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

A number of measures are being implemented 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 2013/14. The grant is non ring fenced but given the Council's obligation to undertake adaptations, the allocation of some resource is required. The strategy of the Council is that the first £350k of whatever DFG sum is made available to the Council it is passported through to finance housing adaptations. In addition, a sum of £400k is to be allocated as the Council's top up. This has been financed for 2013/14 to 2015/16. This may however require review on an annual basis dependent on the level of Government funding and service need.

Commercial Services Portfolio

All Commercial Portfolio 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 is under review to reflect the latest ICT requirements of the organisational changes that have taken place over recent months including the repositioning agenda. Going into 2013/14 there are only 2 specifically committed ICT projects. These are:

a) ICT Server Refresh

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 2013/14 to 2016/17. It is financed by Council capital resources.

b) Government Connect

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 2013/14 to 2016/17.

Recognising that it would be necessary to make a significant investment in ICT infrastructure if the Council was to fulfil its ambition reposition to become a Co-operative Council, the capital programme report of July 2012, approved a £6m investment in ICT development. This expenditure is being phased over the financial years 2012/13 to 2014/15, with £2.5m programmed for use in 2013/14. The key aims of the investment are to:

- change the way that the Council interacts with citizens, including opening up new communication channels and opportunities for transactions to take place that are focused on the needs of service users;
- enable more agile working so that the Council can operate more flexibly, reduce costs and maximise the time spent working with citizens, rather than on supporting functions; and

streamline information management systems, ensuring that we increase the whole view of the Oldham communities' needs, improving responsiveness and minimising the costs associated with transactional functions.

At the time the investment was approved the detailed programme was still being worked up. Under the power delegated to the CIPB, it reviewed the first phase of the investment programme at its meeting in November 2012. This therefore approved the projects shown in the following table which will be undertaken in 2013/14.

Projects	**£000s**
Desktop Virtualisation	
Network Core	50.0
Blade Hardware	164.2
SAN Hardware	50.0
Thin Client Terminals (Provision for 1940 @ £180)	349.2
ICT Resource	168.7
Software Licenses	304.0
Mobile Device Management	
ICT Resource	18.8
800 Device Licenses	104.0
TOTAL	**1,208.9**

Work is continuing to develop the programme to seek maximum impact for the resources available. The balance of the 2013/14 resources that has not yet been committed will be £1,291.1k.

Priorities for 2013/14

Although the Council approved an extensive investment programme in July 2012, in addition to the Housing Market Renewal legacy issues, the Equity Homes Loans project and Pinch Point DfE grant initiative outlined above, there are still areas requiring investment should resources allow.

These are set out below:

<u>Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects</u>

The Council has allocated £850k to such projects in 2013/14 to enable the Council to secure the integrity of the corporate estate and ensure that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. There is no funding beyond 2013/14 and clearly funding will be required to meet the Councils on-going obligations. If resources were allocated, it would enable a more considered approach to the programme of work that will need to be undertaken and thus facilitate improved planning and potentially a more efficient use of resources.

Town Centre Conservation Area – Support for Townscape Heritage Initiative Funding

The Council submitted its first stage bid for Townscape Heritage Initiative Funding from the Heritage Lottery Fund (HLF) before the closing date of 31 October 2012 and will find out if it is successful in March 2013. If successful, funding will be made available to prepare the much more detailed Stage 2 submission by March 2014, for a final decision on whether the HLF will fund the proposed project(s) but Council matched funding of around £500k will be required.

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 compliment the wider regeneration of the town centre (such as Metrolink, Old Town Hall, Coliseum and Heritage Centre). The scheme aims to enhance the quality of the public realm, address vacancy rates and decline of vacant and underused heritage buildings creating a safer, more pleasant environment in the town centre. This will be achieved through repairing and reinstating historic and architectural features, encouraging re-use of vacant buildings, developing heritage awareness and providing training and education on maintenance and repair for heritage building owners.

School Condition Works

The Council has provided resources to address the most immediate needs (category 1) for condition works within the school estate. There are however other works that could be undertaken to address the condition of the school estate before they become category 1 schemes, if funding was made available.

School Capacity

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 schools. The success of the Gateways to Oldham Housing project will redistribute residential properties throughout Oldham. This, together with other potential residential developments as a result of the potential sale of surplus school sites, will also impact on the capacity of schools local to these developments. Funding is therefore required, over and above that already provided by the July 2012 investment, to allow additional capacity to be provided.

2 – Year Olds Education Provision

There is a statutory entitlement for free early education for eligible 2 year olds from September 2013. It is the Local Authority's duty to secure provision and it is expected this will cover approximately 20% of 2 year olds and will be extended to cover about 40% of 2 year olds in 2014-15. With this responsibility lies the potential for increased expenditure. Latest DfE estimates are that in Oldham circa 2,070 children will be eligible by this time, representing need for a significant growth in two-year-old places. Current projections are that some 1464 new places will need to be created.

Indeed, on November 27th 2012, the DfE advised the Council of an unringfenced capital allocation of £556k intended to support implementation of early education for two year old*s but it can be used for any capital purpose. Capital will be required to fund adaptations to* existing childcare provision to enable settings to accommodate more two year olds; as well as to incentivise providers from all sectors - Private, Voluntary, Independent and Maintained – to establish new provision to meet the capacity shortfall in target areas. The challenges are particularly acute in those areas where the expansion of provision is most needed. i.e. the most disadvantaged areas where children who meet the criteria are likely to live are the very locations where it is likely to be hardest to establish new provision

It is important to note that Childcare is strictly regulated by Ofsted, and it is anticipated that much of the capital improvement work needed will be in order to comply with Ofsted standards in relation to, for example, space, toilets and outdoor play.

The Council is currently considering the requirement for capital expenditure for 2 year old education and the resources necessary to support initiatives.

General Energy Efficiency Schemes

The Council has a requirement to ensure that it is seeking to maximise energy efficiency. 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.

AGMA Green Deal Scheme

A specific energy efficiency scheme is The AGMA Green Deal. This scheme will pilot a GM approach on 15,000 houses over 3 years. The offer to consumers would be local authority branded, delivered via a panel of private sector delivery partners (Green Deal Provider accredited). These partners would be procured to administer and manage the delivery of the Green Deal loans, the installation work and on-going warranty requirements. Local businesses are likely to participate in the supply chain for assessment and installation, rather than as prime delivery partners. A Local Authority led Green Deal model will ensure that up-skilling and new job opportunities focus on local people.

The scheme will fund energy efficiency measures at no up-front cost to the consumer, through a loan which is linked to the electricity meter rather than the individual. The loans are repaid over time, based on projected year one savings in energy bills. It is proposed that the finance would be through The Green Deal Finance Company (TGDFC) which aims to provide 80% of national Green Deal loan finance. GM's procured delivery partners would access Green Deal finance directly from TGDFC, eliminating the need for GM to handle Green Deal loan finance, or to develop and run its own loan book management systems. In order to do this there is an estimated £17m capital funding required from GM local authorities to act as a junior debt layer in TGDFC, to facilitate the draw-down of up to £68m of Green Deal loans. This amount will be profiled into the scheme based upon consumer take-up, which is likely to commence after the procurement of the Green Deal Providers from quarter four 2013/14. Initial interest to be received from this junior debt layer, as proposed by TGDFC in their Stakeholder Loan Information Memorandum is 10%. It is proposed that the interest will be rolled up and paid to Local Authorities from 2020 and then annually based upon cash flow.

It is anticipated that the Council may be required to allocate £1.3m to this scheme in 2013/14

Markets

The market site is fulfilling an increasingly important role in the Council's vision for the town centre. The site anchors the northern part of the town centre in the context of the arrival of Metrolink and a number of other planned developments, such as the Old Town Hall. It is the major location for independent retail and presents an important opportunity for new business start ups. The Market Hall is performing well despite the wider economic conditions. Occupancy has now reached 96% and 14 new businesses have opened within the last 12 months. The market site presents an ideal opportunity to further build the offer and identity of the town centre.

There are two main elements of capital investment required in town centre market infrastructure, Mechanical and Electrical, and Environmental Improvements. Mechanical and Electrical works to comply with current regulation and also to bring the property to a much more improved Energy Rating, this would reduce the level of revenue running costs. Environmental Improvements to include both internal and external adaptations to fall in line with the Council's aspirations for the visual appearance of the wider town centre, to encourage further growth. The market hall fulfils the current trend for food provenance and the businesses that are opening are increasingly specialist and niche in nature

Werneth Music Rooms

The Grade II listed Werneth Park Music Rooms is a significant and valued historic building located in a prominent position in the Borough's second most eminent Victorian park situated between the communities of Coppice, Freehold/Werneth and Hollinwood. The building has been used for community activities since the 1930's when it was gifted to the Borough Council subject to covenants for it to remain open for community uses. In September 2001 the building was closed as a consequence of budget cuts.

Over the past 10 years officers have attempted to draw up plans to bring the Music Rooms back into use, however to date it has not been possible to establish a viable and sustainable use work is therefore being taken forward to develop a suitable scheme and establish funding requirements.

Place Marketing

A place marketing strategy for the borough is being developed and will cover 3 strands - inward investment, visitor economy and liveability. Incorporated within this are additional town centre works to address poor environmental quality between key development sites including shop front and signage improvement schemes, focused on Yorkshire Street, Union Street and King Street to support local businesses to play their part in a co-operative approach to enhancing the quality of the environment along the Eastern approach to Oldham Town Centre. The work will also add value to the planned public realm improvements, Metrolink extension, and support development objectives for sites at Mumps, Oldham Central and King Street.

The visitor economy activity will focus on the town centre and Saddleworth. This will address capital investment needed to enhance the visitor experience, support local tourism related businesses and maximise the income generation potential from this area of activity. It will deliver new and improved brown traffic signs for key attractions (e.g. Daisy Nook), a co-ordinated visitor counter system across key council attractions, and enhance attractiveness of the Oldham Tourist Information Centre within Oldham Library through new signage and the use of electronic visitor information points.

<u>Greater Manchester Greenways/A62</u>

The central premise of Greenways is to improve the radial routes into the regional core in order to underpin economic growth across the conurbation. Currently the radial road routes into and out of the regional core are inefficient (particularly at peak times) and damaging to both the wider environment and to the local areas through which they pass. Traditional approaches have focused upon attempts to increase the capacity of the existing roads and rail/metro to take more vehicles and more passengers. However, the significant economic expansion envisaged in the regional core necessarily requires a different approach; one which adds value along those radial routes as well as increasing the ability of people to access jobs in the regional core. The Greenways concept proposes to change the nature of the radial routes to make much greater provision for people to walk, run and cycle as well as still allowing for vehicle movement (albeit much reduced in numbers). Freeing up the space enables the enhancement of the environment along the radial routes to accommodate more non-car movement. It is proposed to test the validity of the Greenways concept by using the A62 from Manchester city centre to Oldham town centre as an initial pilot. Initial appraisal work will establish whether such an approach has the desired economic environmental and health benefits envisaged. This project is at concept stage and thus, the financial implications of full implementation are necessarily unclear as the extent of interventions are unknown. Officers are seeking finance to work up the concept in more detail, in partnership with a range of key stakeholders. Total costs to test the validity of the concept are estimated at £50,000 (revenue). A further capital allocation will be sought but at this stage it is not possible to estimate the amount.

<u>Sharp</u>

Manchester City Council's digital and media "Sharp Project" in Newton Heath has been extremely successful. As a consequence Officers have been involved with discussions with Manchester City Council about expanding the Sharp Project brand into Oldham. There are further discussions taking place about the nature of a future expansion this could involve Sharp Futures and Oldham College. At this stage in-principle support is requested as the extent of capital support (if any) is unknown.

<u>West Street Civic Centre Roundabout</u>

Officers have been working with consultants to bring forward proposals to improve the connectivity between the site of the proposed new Town Centre Leisure Centre, the bus station, the Metrolink stop at King Street, and Oldham College. This has resulted in options for the reconfiguration of the West Street Civic Centre Roundabout in order to improve pedestrian access whilst still retaining appropriate vehicular movement. A number of potential options will be presented to members and at this stage the capital cost is unknown.

Foxdenton

Although Foxdenton is being developed by private sector partners, there may be a requirement for public sector capital investment for enabling and infrastructure works. All avenues for such works will be explored including RGF/ERDF via the Greater Manchester Combined Authority.

Former School Sites

The Council is planning to dispose of a number of former school sites and up front capital funding may be required for enabling and other works to ensure that the land is suitable for commercial redevelopment.

Matched Funding for Grant Bids

The Council is conscious that the Government is likely to introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council’s strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

Annex B

Capital Investment Programme Board

TERMS OF REFERENCE

The Capital Investment Programme Boards terms of reference are:

The recommendation of the overall capital strategy and programme to Cabinet and Council.

Once the overall strategy and annual programme of expenditure have been approved at Council:

- The consideration and recommendation of approval of the detail of the thematic programmes (e.g. Highways Capital Programme).
- The consideration and recommendation of approval of any amendments to the annual programme.
- The recommendation of 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 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

The Chair of the CIPB is the Cabinet Member for Finance, Human Resources and Strategic Partnerships. The Leader of the Council and the Deputy Leader of the Council will have a standing open invite; other Cabinet Members may attend CIPB at the discretion of the Chair.

All Directorates with 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 the Council's Corporate Objectives.

Officers in attendance at CIPB are:

The Borough Treasurer represented by a senior member of the Finance team.
Capital Investment Programme Manager.
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

CIPB reports directly to the Executive Director – Neighbourhoods and when appropriate, the Group will report to the Executive Management Team and to Leadership, Cabinet, Council and Overview and Scrutiny as appropriate.

Decision Making

In relation to the approved capital programme, CIPB makes recommendations as follows:

Recommendation of:	Decision Taker
Tendering and tender acceptance *	Relevant Executive Director – in consultation with the Executive Director Neighbourhoods, the Borough Treasurer, Borough Solicitor and Cabinet Member for Finance, Human Resources & Strategic Partnerships
Approval of business cases **	Executive Director – Neighbourhoods, in consultation with Borough Treasurer and Cabinet Member for Finance, Human Resources & Strategic Partnerships
Virements within approved programme areas **	Relevant Executive Director in consultation with Borough Treasurer and Cabinet Member for Finance, Human Resources & Strategic Partnerships
Virements between programme areas **	Executive Director – Neighbourhoods, in consultation with Borough Treasurer and Cabinet Member for Finance, Human Resources & Strategic Partnerships

* this decision making process will be applicable from the start of the Municipal Year 2013/14 after the amendment of the Councils Constitution

**these decision making processes will be applicable from April 2013

Decision Recording

CIPB will make recommendations on receipt of a formal EDRS report which will be presented to the appropriate officers/Members for decision making. All decisions taken (see above) will be recorded on ModGov.

Management of Strategic Regeneration Investment

The Council has plans to invest over £80 million to deliver high profile projects to facilitate the regeneration of the Borough. In order to ensure the Council is well equipped to deliver against this key Council objective, a Strategic Regeneration Programme Management Office (SR PMO) has been established.

The SR PMO is a Council function that provides:

A service for the Capital Investment Programme Board.

A structured project and programme management process for planning, approval, delivery and benefits realisation.

Support, challenge and advice for project and programme managers.

Governance

CIPB is the only committee or board within the Council (below Council level) that can recommend investment in strategic regeneration projects. Therefore, the key role of CIPB is to consider the following milestones which define key stage boundaries that require investment decisions. A project can only progress to the next stage on the recommendation of CIPB.

Delivery strategy to design and procurement stage – CIPB recommend approval of outline business case.

Design and procurement stage to delivery and handover stage – CIPB recommend approval of full business case.

ANNEX C

FINANCIAL PROCEDURE RULES FOR CAPITAL VIREMENTS

The Councils Financial Procedure Rules relating to capital virements are as follows:

The Borough Treasurer will report as part of the monthly monitoring cycle to Cabinet summarising any variations of the annual estimates

Cabinet is authorised to transfer resources between programme areas, subject to the maximum amount of virement in any one year on any programme not exceeding 10%, or £500,000 whichever is the smaller. Where the 10% is less than £100,000 virement of £100,000 will be allowed.

The Cabinet is authorised to transfer resources within a programme area without restriction

The Cabinet may delegate its authority to individual Cabinet members, in consultation with Executive Directors. The Cabinet is required to determine arrangements for delegation, which may differ between service areas The Cabinet may delegate to Directors its authority to exercise virement within a programme area, provided that:-

a. The spending on the whole programme area being contained within the resources allocated.
b. Directors report retrospectively to Cabinet on the use of this authority as part of the monthly monitoring on the Capital Plan.

For this purpose the Programme areas identified are:

Building Schools for the Future
Corporate Property Related Projects
Transport Related Projects
Housing Market Renewal
Local Authority Mortgages
Equity Loans
Energy Efficiency Projects
Town Centre Regeneration
Other Priority Regeneration
Leisure
ICT
District Partnerships
Schools
Adult Social Care

Appendix 2

Capital Programme 2013/17

1 Background

1.1 The capital programme for the Council must align to the principles set out in the capital strategy. However, there have been several fundamental changes to national capital expenditure/financing policy since the General Election in 2010 which have influenced both the level of funding available and its deployment. The capital strategy and capital spending proposals for 2013/14 and indicative proposals for future years have therefore to be considered in this regard.

1.2 The strategy has identified some priority project areas that have been identified, and as and when resources become available, funding can be allocated to these priority areas.

2 Current Position

2.1 Update on 2012/13 Capital Programme

2.1.1 The capital programme for 2012/13 to 2015/16 was approved at the Council meeting of 22nd February 2012. In overall terms, spending for 2012/13 that was approved totalled £72.025m although resources of £76.185m were included in the programme, with £4.160m being carried forward to fund planned spending in 2013/14 to 2015/16. The programme included the use of £16.812m of Government resources for the Building Schools for the Future (BSF) and Academies programme. In total, £26.421m of specific Central Government funding was budgeted to be utilised to support the capital programme.

2.1.2 The programme has subsequently been updated for the £41.099m of carried forward resources from 2011/12 and other amendments as approved in the financial monitoring reports considered at Cabinet meetings during the year, including a reprofiling of the BSF and Academies programme. The most up to date capital programme revision reflects the month 8 position and produces a revised overall capital programme of £110.638m for 2012/13. The current capital programme and the revised programme presented for approval are set out in Table 1 below. A key issue for the consideration in the context of the 2013/17 programme is the level of resources available to carry forward into future years to support on-going programmed expenditure. The overall 2013/17 programme incorporates this carried forward resource.

Table 1 Revised 2012/13 Capital Programme

Portfolio Area	Approved Capital Programme M07 £000	New schemes/ Variations £000	Revised Capital Programme as at M08 £000
Expenditure Neighbourhoods	94,828	(1,900)	92,928
Commissioning	12,539	(2,656)	9,883
Commercial Services	6,652	0	6,652
Deputy Chief Executives/Corporate	1,434	(259)	1,175
Total Expenditure	**115,453**	**(4,815)**	**110,638**
Resources Grants & Other Contributions	(48,048)	(806)	(48,854)
Prudential Borrowing	(53,054)	5,127	(47,927)
Revenue	(6,913)	973	(5,940)
Capital Receipts	(7,438)	(479)	(7,917)
Total Resources	**(115,453)**	**4,815**	**(110,638)**
Capital Receipts Available	**(9,775)**	**0**	**(9,775)**
Expenditure to be funded from capital receipts	**7,438**	**(479)**	**7,917**
Over-programming / (Carry Forward) Position	**(2,337)**	**(479)**	**(1,858)**

2.1.3 Members will also recall that there has been an ongoing review of the capital programme of 2012/13 in order to ensure that projects were still aligned with corporate objectives. The proposed capital programme for 2013/14 and future years reflects the resulting decommissioning of schemes and reprioritisation of resources although the majority of changes were applicable to 2012/13 only. It has been assumed that all reprioritised resources will be spent or committed at the end of 2012/13. If this is not the case then any unallocated sum will be carried forward into 2013/14 to create a central pool of resources for reallocation. The detail of this review is attached at Appendix 3.

2.1.4 The 2012/13 capital programme was prepared on the basis that over a four year timeframe, resources and expenditure would match. Although the detailed profile of resourcing has changed in year, at this point the capital programme is still projecting balanced position over the life of the programme but there are no additional resources that can be utilised to support new projects in 2013/14 or future years.

2.2 Resources Available to Support the Capital Programme

2.2.1 The reduced level of Government resources available for 2013/14 compared to previous years and the uncertainty about the level of resources for future years has had a major impact on the capital strategy for 2013/17. This in turn has influenced the shape and size of the proposed 2013/17 capital programme.

Government Grant Funding

2.2.2 The Government resources available to the Council can be split into two categories; non ring fenced and ring fenced resources as explained in Section 3 of the Capital Strategy. Table 2 summarises the level of new resources by type, year and amount anticipated and shows that in 2013/14 overall new Central Government funding of £9.458m will support the capital programme.

Non Ring-fenced Grants

The only allocations that the Council has had confirmed at this time are:

a) Department of Transport (DfT) grant for Local Transport Funding which has been confirmed for 2013/14 at £2.222m and £2.093m for 2014/15. The funding is notionally allocated at an individual authority level but paid to the Greater Manchester Combined Authority, which determines the distribution of resources across the 10 Greater Manchester local authorities and Transport for Greater Manchester.

b) Community Capacity Grant for adult social care purposes at £603k in 2013/14 and £616k in 2014/15

Ring-fenced Specific Grants

Normally the Council would have been notified of Devolved Formula ring fenced grant but this information has not yet been received nor has a date for the notification been provided. The £700k being utilised in 2013/14 is a carried forward resource from 2012/13. The Council will however receive £4.863m of BSF and Academies grant for 2013/14.

Grant from the DfT will be received with:

a) £665k in 2013/14 to support three schemes supported by the Local Sustainable Transport Fund
b) £404k in 2013/14 and £216k in 2014/15 for local highways maintenance funding

In addition the Council will receive a grant of £615k from the Heritage Lottery Fund to support the Heritage Centre/New Coliseum project.

2.2.3 Members will, however, recall that there is a statutory requirement for Local Transport Authorities to prepare a Local Transport Plan (LTP) every five years and to keep it under review. Greater Manchester has previously produced two LTPs (in 2001 and 2006) and a new LTP (LTP3) was required by 31 March 2011 to which the Council is now committed. Whilst LTP funding is non ring-fenced, the DFT and the Association of Greater Manchester Authorities (AGMA) both have an expectation that it will be invested in delivering the Local Transport Plan strategy. The Council's approved strategy is to passport transportation grant funding to support the LTP programme.

2.2.4 In addition, the Council is due to receive an allocation of Disabled Facilities Grant from the DCLG. In 2012/13 the Council initially received a £745k capital grant as a contribution towards the cost of housing adaptations for the disabled. This was supplemented by a further grant of £173k notified on 6th December 2012. Although the funds are not ring fenced, the Council's strategy for 2013/14 is to passport the first £350k of any Government DFG funding to the disabled housing adaptations programme and provide a £400k top up from Council resources.

Table 2 - Level of Non-ring-fenced and Ring-fenced Specific Government Funding for 2013/14

	2013/14 "£000	2014/15 "£000	2015/16 "£000	2016/17 "£000
Non Ring Fenced				
- Transport	2,222	2,093	0	0
- Community Capacity Grant	604	616	0	0
Ring Fenced Specific				
- BSF ICT	451	14	396	0
- Academies	4,412	0	0	0
- Devolved Capital	700	0	0	0
- Local Sustainable Transport Fund	665	0	0	0
- Additional Local H/ways Maintenance Autumn Statement	404	216	0	0
Total	**9,458**	**2,939**	**396**	**0**

2.2.5 The resources available can also be split between those which have a revenue consequence which need to be funded via the revenue budget, and those with no revenue consequences. Taking the latter category first:

No Revenue Consequence

Government Grants and other external grants and contributions

This is funding provided directly by Government or other external providers. This can be ring fenced specific and non ring fenced. As previously advised, all Government funding is now via direct grant.

Capital Receipts

This is money received from the sale of Council assets. This resource is usually non ring fenced. The 2013/14 capital programme requires £11.041m of capital receipts (£1.858m brought forward from 2012/13) of which £2.057m are required to support the BSF programme. It should be noted that the position with regard to the capital receipts is that a prudent approach has been taken to the anticipated level of receipts for 2013/14 with no resources anticipated in excess of the requirement to support already approved schemes. This is because of the depressed state of the property market which impacts on the:

i) ability of the Council to sell assets within the timescale anticipated

ii) level of receipt that can actually be generated, which may be less than originally expected

With Revenue Consequences

Prudential Borrowing/Bonds

This is borrowing undertaken by the Council for specific projects that is financed by revenue resources and may have identifiable savings that can repay the costs of borrowing over a number of years. This funding is entirely at the discretion of the Council. The 2013/14 programme includes financing of £62.177m from prudential borrowing as follows:

- £51.960m relates to the major capital investment programme approved in July 2012
- £8.213m to support programmes approved in previous financial years, for example the fleet replacement programme and the asset management/office accommodation and highways programmes approved in July 2010
- £2.004m relates to the replacement of the Leisure estate financed by the revenue savings

Revenue

These are revenue resources which have been identified to fund capital projects and built into the revenue budget. In 2013/14, £25k of general fund revenue resources and £4.917m of Housing Revenue Account funding underpins the capital programme.

2.2.6 Table 3 sets out the overall level of available resources by category for the period 2013/17. This shows that in total, funding for the capital programme in 2013/14 is £88.232m. The majority of the funding is prudential borrowing (£62.177m) to support the major capital investment approved in July 2012. Given the delay in the announcement of Government grant funding such resources only contribute £9.457m. There is a requirement for £9.183m of planned capital receipts with £1.858m of Council resources brought forward from 2012/13. The balance of funding is Heritage Lottery grant and revenue contributions (mostly from the HRA).

Table 3 – Total Resources Available for the Capital Programme

Funding	2013/14 "£000	2014/15 "£000	2015/16 "£000	2016/17 "£000
No Revenue Consequences				
Government Grants	9,457	2,939	396	0
Capital Receipts	9,183	10,013	1,382	0
Other Grant/Contributions	615	0	0	0
Council Resource Carried Forward	1,858	0	0	0
Total No Revenue Consequences	**21,113**	**12,952**	**1,778**	**0**
With Revenue Consequences				
Prudential Borrowing	62,177	20,429	15,861	9,400
Revenue Contribution (CERA)	4,942	2,353		
Total With Revenue Consequences	**67,119**	**22,782**	**15,861**	**9,400**
Total	**88,232**	**35,734**	**17,639**	**9,400**

2.3 Capital Requirements for 2013/14

Resources that have been Committed in 2013/14 to 2016/17

2.3.1 A review of the capital programme and capital plans has highlighted that there are already a range of commitments for 2013/14 and future years which need to be factored into the programme. As a consequence, these commitments utilise most of the capital resources available for 2013/14 and future years and leave only £603k in 2013/14 and £616k in 2014/15 for new priority investment at this time. These commitments are set out in the follow paragraphs and are shown in detail at Annex1 of this report.

Corporate Commitments

2.3.2 The Council has previously approved resources for Corporate Major Repairs (CMR) and Corporate Health and Safety programmes in 2013/14 and also DDA/Legionella projects. These separate funds have all been pooled into one fund totalling £850k in 2013/14 and all repairs, health and safety requirements etc will be prioritised from within this overall resource, £50k of this and other property related projects will need to be identified to fund the revenue savings NEIGH 13 401 relating to capitalisation of salaries.

Commercial Services

2.3.3 Total projected spending on Commercial Services projects in 2013/14 is currently £2.680m covering the second phase of the ICT investment programme of £2.5m and two specific ICT schemes:

- £160k on the IT server refresh programme in line with the ICT contract with the Unity partnership
- £20k expenditure on ensuring the Council complies with the Government Connect initiative requirements

Both these projects, being contractual commitments are financed across all years of the capital programme.

Commissioning Services

2.3.4 Projected spending on Commissioning Services is split over two area, Schools and Adult Social Care. Total expenditure in 2013/14 is at this stage is £16.242m:

- Schools expenditure of £13.843m covers condition works, the extensions at Yew Tree, Bare Trees and the Blue Coat school all approved in the major investment report of July 2012, the Social, Emotional Behavioural Difficulties school at Dean street, approved in April 2012 and the final element of the remodelling project at Royton and Crompton school

- Adult Social Care expenditure of £2.4m includes planned expenditure on a new dementia centre of excellence of £2m and the allocation of £400k of Council resources to support adaptations to the homes of the disabled.

Neighbourhoods

2.3.5 Total projected spending on Neighbourhoods projects in 2013/14 is £67.925m over the following areas:

Building Schools for the Future
The BSF programme has been identified as a corporate priority and given the rationalisation and realignment of the programme is estimated to spend £6.934m in 2013/14 with a corresponding financing package of ring fenced grant and ring fenced capital receipts.

Transport Schemes – Government Grant Funded
Grant funding of £2.222m has been identified for 2013/14 in accordance with an agreement between the DfT and the GMCA. Of this sum, £1.323m has been identified for specific projects and £899k is available for other transport schemes. In addition, the Council has bid for and received Local Sustainable Transport Grant of £665k and has been awarded £404k for local highways maintenance work. A detailed transport capital programme is currently being prepared and will be the subject of a separate delegated report in February/March 2013.

Transport Schemes – Other
There are three other transport related projects within the 2013/14 capital programme:

The fleet replacement programme at £3.462m financed by prudential borrowing
The final year of the four year highways investment programme approved in July 2010 at £2.5m
The remainder of the second phase of the additional highways programme funding approved in the July 2012 major capital investment report at £1.5m. £50k of this will need to be identified for appropriate revenue recharges of salaries to ensure savings proposal ASDM 13 401

Other Neighbourhoods Schemes

There are a total of £12.325m of other Neighbourhoods projects included in the 2013/14 capital programme as follows:
£200k to finance a District Investment Fund to facilitate the initiating of a range of projects in District Partnership areas
£4.125m for the redevelopment of a property in Union Street financed by capital receipts
£4.917m capital contribution to the PFI 4 Housing Programme financed from the HRA
the final phase of the asset management and office accommodation programme at £1m financed by prudential borrowing
Local Authority Mortgages at £1m financed by prudential borrowing
the South Werneth housing redevelopment at £710k financed by ring fenced capital receipts
low carbon domestic retrofit at £173k financed by prudential borrowing
Equity home loans at £200k financed by capital receipts

Major Regeneration Development

There are five schemes approved utilising resources from within the major capital investment approved by Council in July 2012. This expenditure totals £37.913m and covers:
Town centre regeneration £12.170m
Other priority regeneration schemes £3.268m
Leisure estate at £12.439m
Strategic acquisitions at £6.734m
Royton Town Centre at £3.302m

2.4 **Proposed Bids for New Resources 2013/14**

2.4.1 The capital strategy for 2013/14 outlines projects where consideration may be given to the allocation of additional resources or new resources, subject the availability of funding. As previously highlighted, at this time there is only £603k is available in 2013/14 and £616k in 2014/15.

2.4.2 There is one already approved project for which continuation funding from Council resources may be required from 2014/15 onwards. This is the Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Project which aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation. Whilst there is £850k funding for these initiatives in 2013/14, there is none in future years and clearly funding will be required to meet the on-going obligations.

2.4.3 New projects for which funding may be required and for which funds could be allocated are detailed in Annex A of the Capital Strategy, however these are set out below for ease of reference (unless stated the resources required would be general Council capital resources). 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:

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

Town Centre Conservation Area – if the 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 2014/15. A decision as to the requirement for the resource will not be known until late 2013/14.

School Condition Works – whilst the Council has provided resources to address the most immediate needs (category 1) for condition works within the school estate. There are however other works that could be undertaken to address the condition of the school estate if funding was made available before further deterioration necessitated category 1 status.

School Capacity - 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 schools. When available, funding is required, over and above that already provided by the July 2012 investment, to allow additional capacity to be provided.

2–Year Olds Education Provision – with the introduction of the statutory entitlement for free early education for eligible 2 year olds from September 2013, it is the Local Authority’s duty to secure provision. The Council is currently considering the requirement for capital expenditure for 2 year old education provision.

Saddleworth School – whilst the school is in receipt of Priority Schools Building Programme funding, there is a need to carry out a programme of assessing what additional capital requirements there will be on the new Saddleworth School. The PSPB programme will fund only the buildings and will not kit out the school with ICT or sports pitches. There will need to be on-going discussion with the school in order that their resources are harnessed together with funding from the Council to support the effective delivery of the new school.

Equity Loans Initiative - 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. Given the Councils prominent role in this AGMA initiative, funding is required for both 2013/14 and 2014/15 to enable the Council to progress this scheme. Resources of £200k have been included in both the 2013/14 and 2014/15 programme, however, resources of £500k for each year are sought.

Oldham Council 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.

AGMA Green Deal Scheme – resources of up to £1.3m may be required to support a specific AGMA wide energy efficiency scheme which will pilot a GM approach on 15,000 houses over 3 years. The scheme will fund energy efficiency measures at no up-front cost to the consumer, through a loan which is linked to the electricity meter rather than the individual. The loans are repaid over time, based on projected year one savings in energy bills.

Markets - The market site is fulfilling an increasingly important role in the Council's vision for the town centre. The site anchors the northern part of the town centre in the context of the arrival of Metrolink and a number of other planned developments, such as the Old Town Hall. There are two main elements of capital investment required in Town Centre Market infrastructure, Mechanical and Electrical, and Environmental Improvements, a programme of work is therefore being prepared for detailed consideration in 2013/14.

Werneth Music Rooms - Over the past 10 years officers have attempted and continue to draw up plans to bring the Music Rooms back into use, however to date it has not been possible to establish a viable and sustainable use. Work is therefore being progressed to bring forward proposals or the development of the Music Rooms.

Place Marketing - A place marketing strategy for the borough is being developed and will cover 3 strands - inward investment, visitor economy and liveability. The work will also add value to the planned public realm improvements, Metrolink extension, and support development objectives for sites at Mumps, Oldham Central and King Street. The visitor economy activity will focus on the town centre and Saddleworth, and enhance attractiveness of the Oldham Tourist Information Centre within Oldham Library through new signage and the use of electronic visitor information points.

Greater Manchester Greenways/A62 - The central premise of Greenways is to improve the radial routes into the regional core in order to underpin economic growth across the conurbation. The Greenways concept proposes to change the nature of the radial routes to make much greater provision for people to walk, run and cycle as well as still allowing for vehicle movement (albeit much reduced in numbers). Freeing up the space enables the enhancement of the environment along the radial routes to accommodate more non-car movement. It is proposed to test the validity of the Greenways concept by using the A62 from Manchester city centre to Oldham town centre as an initial pilot.

Sharp - Manchester City Council's digital and media "Sharp Project" in Newton Heath has been extremely successful. As a consequence Officers have been involved with discussions with Manchester City Council about expanding the Sharp Project brand into Oldham.

West Street Civic Centre Roundabout - Officers have been working with consultants to bring forward proposals to improve the connectivity between the site of the proposed new Town Centre Leisure Centre, the bus station, the Metrolink stop at King Street, and Oldham College. This has resulted in options for the reconfiguration of the West Street Civic Centre Roundabout in order to improve pedestrian access whilst still retaining appropriate vehicular movement.

Foxdenton - Although Foxdenton is being developed by private sector partners, there may be a requirement for public sector capital investment for enabling and infrastructure works. All avenues for such works will be explored including RGF/ERDF via the Greater Manchester Combined Authority.

Pinch Point Grant for Transport Schemes – There is a potential requirement for match funding to support a bid for Department of Transport Pinch Point grant funding. This is a new funding source only announced in January 2013 which is designed to promote economic growth through the rapid deployment of highway based schemes that remove transport barriers or prevent the emergence of new transport barriers. As bids are being coordinated at a Greater Manchester level by the GMCA, it is unclear if an Oldham bid will be successful and how much match funding will be required, however current estimates are that around £888k may require prioritising to support schemes together with the transfer of land to the value of £600k.

Former School Sites -The Council is planning to dispose of a number of former school sites and up front capital funding may be required for enabling and other works to ensure that the land is suitable for commercial redevelopment.

2.4.4 In addition, the Council is conscious that the Government is likely to introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council's strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

2.4.5 As resources become available to the Council with Government grant announcements, detailed bids for resources will be considered by the CIPB and resources allocated in accordance with Council priorities.

2.5 Proposed Capital Programme

2.5.1 Annex 1 of this report details the proposed 2013/14 capital programme and the indicative programme for 2014/17. The strategy of the Council is to prepare a capital programme that balances over the life of the programme rather than by individual years. The programme for 2013/14 to 2016/17 has been prepared over a four year timeframe so that over the four years, resources currently available to the Council match planned expenditure. At this stage however, there are limited unallocated resources although this will change when further Government grant funding allocations are announced.

2.5.2 Total expenditure is planned in 2013/14 at £88.301m. Resources available of £88.232m produce a small shortfall in 2013/14 which is managed over the life of the capital strategy producing a balanced position overall.

2.5.3 The position will evolve as:

- most funding allocations have yet to be announced by Central Government the timing having been delayed until January for schools related funding
- it is also likely that there will be additional funding allocations notified later in the financial year
- there may also be the opportunity to bid for additional funding, for example, for Regional Growth Funds announced in the Autumn Statement, but no detail is available at this time
- the Council may identify other funding sources including capital receipts to finance additional capital expenditure

Therefore the overall capital programme position will be kept under review and any new information about funding allocations will presented to Members in future reports.

3 Options/Alternatives

3.1 Annex 1 sets out the proposed capital programme and funding for 2013/14. The capital strategy is elsewhere on the agenda for approval and has been prepared taking account of the level and type of capital resources available, the Asset Management Plan and corporate objectives. Whilst much of the capital programme is committed, Members may choose to reprioritise resources to other areas and decommission schemes.

4 Preferred Option

4.1 The preferred option is to accept the capital proposals contained in this report and detailed at Annex 1 and to thus approve a capital programme for 2013/14 and an indicative programme for 2014/17.

5 Consultation

5.1 Consultation has taken place with the members of the Capital Investment Programme Board which includes Cabinet Members. The proposed capital programme was subject to scrutiny at the Performance and Value for Money Overview and Scrutiny Select Committee on 28th January 2013 and was also presented for approval at the Cabinet meeting on 18th February 2013.

6 Financial Implications

6.1 By the very nature of the report, it contains details of the capital expenditure and financing associated with the delivery of the 2013/14 capital programme. This is therefore set out in detail in the report.

6.2 As highlighted in the report, the Government now only funds capital expenditure by grant. There are now no more supported or unsupported borrowing approvals which means that any revenue implications of Government borrowing will therefore relate to historic debt incurred in 2010/11 and earlier years. This is already budgeted for. The revenue budget for 2013/14 has been prepared to include the financing costs of prudential borrowing, £51.960m of which relates to the major capital investment programme approved in July 2012. The revenue contributions to support capital expenditure that are included in the capital programme are £25k from the general fund and £4.917m from the HRA and these have been budgeted for.

7 Legal Services Comments

7.1 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.

8 Cooperative Agenda

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

9 Human Resources Comments

9.1 None

10 Risk Assessments

10.1 The main risk foreseen at this stage is whether the planned level of capital receipts can be achieved to finance the current programme. In order to minimise the risk, a prudent estimate of capital receipts has been made having regard to the prevailing economic climate which may have an impact on both the timing and level of receipts that can be achieved.

11 IT Implications

11.1 Other than the implications of the specific IT projects being put forward there are no IT implications.

12 Property Implications

12.1 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.

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

13 Procurement Implications

13.1 None at this stage.

14 Environmental and Health & Safety Implications

14.1 The Capital Programme contains resources that will enable corporate health and safety, legionella, asbestos and Disability Discrimination Act projects to be undertaken in accordance with identified priorities.

15 Equality, community cohesion and Crime Implications

15.1 None

16 Equality Impact Assessment Completed?

16.1 Not applicable

17 Key Decision

17.1 Yes

18 Forward Plan Reference

18.1 CMCL-50-12

19 Background Papers

19.1 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 Estimates 2013-14 Name of File: Summary Capital programme & individual capital programme estimates
Records held in:	Finance Service Offices, Commercial Services Portfolio, Level 14, Civic Centre West St Oldham

Officer Name: Anne Ryans
Contact No: 4902

20 Appendices

Annex 1 Capital Programme for 2013/14 and future years by Portfolio area.

ANNEX 1

Capital Programme for 2013/14 and Future Years by Service Portfolio

Project Description	2013/14 Actual Budget £	2014/15 Actual Budget £	2015/16 Actual Budget £	2016/17 Actual Budget £
Corporate				
Corporate Property Major Repairs/Health & Safety/DDA	850,000			
	850,000	**0**	**0**	**0**
Neighbourhoods				
District Investment Fund	200,000	200,000	200,000	
South Wernerth Redevelopment	710,000			
Equity Home Loans	200,000	200,000		
Building Schools for the Future	6,933,524	13,787	396,328	
Local Authority Mortgage Scheme	1,000,000			
PFI 4 Capital Contribution	4,917,000	2,353,000		
Fleet Replacement Programme	3,462,602			
Asset Management/Office Accommodation provision	1,000,000			
Low Carbon Domestic Retro Fit (Private Housing)	173,000			
Transportation Programme	2,222,000	2,093,000		
Local Sustainable Transport Fund Schemes	664,559			
Highways Maintenance - Autumn Statement	404,000	216,000		
Highways investment	2,500,000			
Regeneration Development	4,125,000	1,875,000		
Town Centre Regeneration - Investment Prog.	12,170,000	14,465,000	14,564,000	8,950,000
Other Priority Regeneration Projects	3,268,000	1,370,000	450,000	450,000
Leisure Estate	12,439,000	5,895,000	847,000	
Neighbourhood Town Halls		1,000,000		
Strategic Acquisitions	6,734,000			
Royton Town Centre	3,302,000			
Investment in Highways - Investment Programme	1,500,000			
	67,924,685	**29,680,787**	**16,457,328**	**9,400,000**
Commissioning- Schools				
Condition Works	3,806,000	3,176,000		
Schools Additional Places	9,300,000			
Royton & Crompton Remodelling	11,648			
SEBD School Dean Street	725,000	33,900		
	13,842,648	**3,209,900**	**0**	**0**
Commissioning- Adult Social Care				
Dementia Centre of Excellence	2,000,000			
Contribution to Disabled Facilities Grant Top Up	400,000	400,000	400,000	

	2,400,000	**400,000**	**400,000**	**0**
Commercial Services				
IT - Server Refresh	160,000	160,000	160,000	160,000
Investment in ICT	2,500,000	2,000,000		
Government Connect	20,000	20,000	20,000	20,000
	2,680,000	**2,180,000**	**180,000**	**180,000**
Resources to be Allocated	603,541	615,733		
Total Expenditure	**88,300,874**	**36,086,420**	**17,037,328**	**9,580,000**
Funded by:				
Ringfenced				
BSF ICT Grant	-451,000	-13,787	-396,328	
Framework Academies (Standards Fund)	-4,412,524			
DfE - Devolved Formula Capital	-700,000			
Local Sustainable Transport Fund	-664,559			
Heritage Lottery Fund	-615,000			
Highways Maintenance Funding - Autumn Statement	-404,000	-216,000		
Un-ringfenced				
LTP Grant	-2,222,000	-2,093,000		
Dept. of Health - Community Capacity Grant	-603,541	-615,733		
Other Resources				
RCCO - HRA	-4,917,000	-2,353,000		
RCCO - General Fund	-24,648			
Agreed Council Resources - BSF	-2,057,000	-1,877,000		
Agreed Council Resources -Regeneration Site Purchases		-5,600,000		
Agreed Council Resources- South Werneth Redevelopment	-710,000			
Agreed Council Resources	-6,416,000	-2,535,900	-1,382,000	0
Prudential Borrowing - BSF		1,877,000		
Prudential Borrowing - Investment Programme	-51,960,000	-16,411,000	-15,014,000	-9,400,000
Prudential Borrowing - Leisure Estate	-2,004,000	-5,895,000	-847,000	
Prudential Borrowing	-8,212,602			
Council Resources Brought Forward	-1,858,000	0	0	0
Total Resource	**-88,231,874**	**-35,733,420**	**-17,639,328**	**-9,400,000**
Under/(Over) Programming In year	**-69,000**	**-353,000**	**602,000**	**-180,000**
Under/(Over) Programming Cumulatively	**-69,000**	**-422,000**	**180,000**	**0**

APPENDIX 3

Capital Programme Annual Review 2012/13

1 Purpose of the Paper

1.1 To advise of all the issues considered in the 2012 Capital Programme Summer Review

2 Background Information

2.1 The aim of the summer review exercise was to:

a) review the projects in the programme, especially those that had not yet started, to ensure that these still met corporate priorities

b) to consider the progress of projects

c) identify any unutilised or underutilised resources

d) consider any reallocation of resources

2.2 The action taken was:

1) The update of the 2012/13 capital programme for carry forwards, Cabinet, Council and CIPB approvals

2) The issue in by the Finance Team of the spreadsheets for completion by project officers asking a range of questions about the schemes (note that new approvals since the date of issue were not included in the review process)

3) The submission to the Finance Team by project officers of completed spreadsheets.

4) The amalgamation of information into one comprehensive data set for examination

5) Reviews of submissions to enable the follow up of missing information, the identification of areas for further clarification and the reclassification of projects as appropriate

6) The holding of two meeting on 4th September and 2nd October of an officer CIPB Sub Group to consider the information gathered as a result of the review and to suggest issues for presentation to Members

7) The holding of two meetings on 12th October and 12th November of Members CIPB Sub Group to consider the information available and to make recommendations as to the utilisation of resources.

8) Progress reports to the CIPB and then consideration of the findings of the review at the 19th November CIPB meetings with a further update to the 17th December CIPB meeting

3 Review Findings

3.1 At the time the review was initiated, the 2012/13 capital programme taking account, of carry forwards, the original budget and approved amendments was £115.3m as follows:

	£m
Original Budget	70.8
Carry Forward from 2011/12	41.1
Approved Amendments	3.4
Total	**115.3**

3.2 In total 335 schemes were identified for review and were split into 15 categories for ease of examination (as described below). The vast majority of the schemes had been carried forward from 2011/12 so had already been the subject of detailed scrutiny in the 2011 review. Of the 335 schemes, 123 were exempted from the review as transport schemes were not scrutinised (see paragraph 3.7).

3.3 The officer and Member review meetings examined information on each of the schemes that were included in the review. A range of detailed questions were asked and justifications for the retention of resources sought. Set out in the following paragraphs is information gathered on schemes and categories of expenditure that was considered at the officer and Member meetings and the agreed position in relation to each category.

Schemes funded by Ring Fenced Grant

3.4 Four schemes identified in the review were funded by ring fenced resources and totalled £4.229m. All of these schemes had been carried forward from 2011/12. As ring fenced resources cannot be used for other purposes it was confirmed that any under spending on these schemes was not available for reallocation.

Scheme either Completed or Substantially Complete

3.5 The review identified that 10 schemes within the capital programme were either completed (some with just a retention being held) or were substantially completed (all carried forward from 2011/12). These projects totalled £937k of the programme. These were therefore considered to require their funding in full with no opportunity for decommitment and reallocation of resources.

Investment in Education/ Schools

3.6 The review identified 33 capital schemes totalling £7.716m which supported investment in the school estate or other educational establishments. Many of the schemes were funded by:

a) Ringfenced grant for use for schools
b) Unringfenced grant that the Council has directed to support schools projects

Some schemes were also supplemented by funding from general Council resources.

The review highlighted:

a) A fund of £783k of devolved capital general provision that had been held centrally was available for schools projects and would therefore re reallocated
b) A total of 15 schemes that were approved for inclusion in the capital programme in June comprising the 2012/13 conditions works programme. As such, these resources could not be considered for reallocation

Transport Schemes

3.7 The review highlighted 123 Transport schemes with total spend of £10.932m in 2012/13, 74 of which were carried forward from 2011/12. These schemes were funded in the main by prudential borrowing and the Transport grant received from Central Government. Whilst this is not a ring fenced grant, in accordance with the Capital Strategy, the Government grant has been passported to fund transport schemes. The Transport programme was exempted from the review on the basis that it is a corporate priority area and is well managed with regular reviews to realign the programme of work and to reallocate resources.

Building Schools for the Future (BSF) Schemes

3.8 There were 5 schemes within the BSF programme, all of which were carried forward from 2011/12. With a carry forward of £9.704m and an original 2012/13 budget of £22.871m, this is clearly a major programme for the Council although it is substantially funded by ring fenced Government grant. The balance of funding is made up of prudential borrowing and a comparatively small allocation of Council resources. A review of the profiling of the project was undertaken and in overall terms this resulted in a net increase in expenditure and corresponding resources of £3.562m but it was agreed that there was no scope for releasing resources as this area of the programme was fully committed.

Housing Market Renewal (HMR) Programme

3.9 The national HMR programme was decommissioned by Central Government during 2010/11 and the ring fence was removed from the funding stream to allow local prioritisation of resource allocation. The HMR programme has been managed to minimise the legacy implications for the Council but on the basis that all available HMR grant resources are available to the HMR programme. It was confirmed that all HMR funding allocations would be required to support HMR related schemes at a total of £2.451m.

District Investment Fund (DIF)

3.10 This category included the 17 schemes within the DIF programme (8 carried forward) funded by a combination of grant and Council resources supplemented by District Partnership contributions (in most instances). There were also some projects where the Partnership contribution had yet to be confirmed. Spending on these projects has been very slow. The programme reviewed totalled 2012/13 is £1.188m.

3.11 It was agreed that uncommitted funding of £369k would not be used for new DIF projects and would therefore been released for reallocation.

Investment in ICT

3.12 The review identified 8 ICT related schemes totalling £1.360m that had been carried forward from 2011/12. This was before the inclusion of the £6m investment approved in the report approved at Council on 11th July 2012 (of which £1.5m is to be spent in 2012/13). A review of the carried forward programme of planned expenditure has been undertaken by the ICT Strategy Board and it the intention of the Board to, where possible; allocate all resources to ICT schemes. This review is yet to be finalised and it was agreed that all resources would remain within the ICT programme.

Schemes funded by Prudential Borrowing

3.13 There were 8 schemes identified totalling £13.219m which were funded by prudential borrowing approvals and did not fall into any other category within this review. These mostly address major corporate objectives and 6 of these projects were carried forward from 2011/12. The two new starts, fleet replacement programme and Local Authority mortgage scheme, were priorities included in the capital strategy for 2012/13. Whilst there was the opportunity for some reprofiling, it was considered that there was no scope for the release of resources.

Schemes funded by Other Contributions and S106 Funding

3.14 There were £543k of schemes identified (9 schemes of which 7 were carried forward) funded by Other Contributions and S106 funding. These funds have usually been received from external organisations for specific projects or purposes. It was agreed that as the funding could not be used for other purposes, any under spending on these schemes would not available for reallocation.

Other Schemes

3.15 The review identified 9 other schemes (7 carried forward) within the approved programme (totalling £13.356m) i.e. those which did not fit any other category. Within this category, there were some projects in this category that had incurred little or no expenditure at the time of the review. These were:

i) Corporate Health and Safety - £240,000 – to be incorporated within a wider review of property related expenditure

ii) Provision of an Asset Management Database - £200,000 – work is taking place to move this initiative forward

iii) Failsworth Cemetery – General provision - £65,000

iv) Failsworth District Centre – outstanding compensation claims of £183,927– awaiting finalisation and payment of claims

v) Southlink Business Village - £128,000

vi) Short breaks for disabled children - £147,759

It was agreed that all funding for all the schemes in this category would remain in place.

Housing Revenue Account (HRA)

3.16 There were 3 projects identified (1 carried forward) totalling £5.399m funded via the HRA and as such it was confirmed that these resources would not be available to support any non HRA schemes.

Schemes Recommended for Removal from the Programme

3.17 The review highlighted 26 schemes (all carried forward) totalling £1.364m that should be removed from the programme. This is because the planned expenditure will not take place and the resource cannot be reallocated to other projects. It was agreed to accept the recommendation to remove these schemes from the capital programme.

Major Strategic Projects

3.18 The capital programme report approved by Council on 11th July 2012 highlighted how £18m of investment would be allocated to projects in 2012/13. There had been some changes to schemes since the original approval resulting in expenditure increasing to £18.696m at the time of the review. However, in view of the recent approval of these projects and their key strategic nature, it was agreed that there was no scope for the release of resources.

Schemes no longer requiring Resources/Resources available for reallocation

3.19 A range of schemes were identified as no longer requiring resources and the CIPB was content to accept the recommendation that a total of £1.019m was available for reallocation. These schemes are set out in the table below.

Table 1 – Schemes with resources available for Reallocation

Schemes	£
Limehurst Youth Club new build	-15,796
Failsworth Youth Centre toilets	-4,022
Roundthorn Primary - facilities Room	-2,867
Adaptations to Contact Venue Facilities	-5,740
Werneth - Fire exit adaptations	-2,119
Hathershaw Final Accounts	-17,366
Playbuilder - Oldham Edge	-2,395
Rationalisation of Council Property	-18,818
Limeside Library Disposal	-23,800
Cannon St YC Disposal	-2,354
Playbuilder General Provision	-1,783
Widdop St Play Area	-6,428
Stoneleigh park Compound Extension	-1,549
Forge Industrial Estate – Re-Roofing and associated works re dilapidations claim	-4,274
Low Carbon Domestic Retro Fit (Private Housing)	-219,000
CPD (Fitton Hill) Asbestos Removal and Demolition	-8,724
Beal Valley Development - Relocations - Railtrack Easement Payments	-33,500
Cannon Street Health Centre - Demolition	-14,707
Former Taj Mahal 167/169 Union St Oldham	-96,306
Royton Town Centre Public Realm	-3,278
Failsworth DC - Dallas Chemist	-11,700
Oldham Old Town Hall – Egyptian Room Refurbishment	-89,851
General Provision for CPO	-20,000
Gallery Oldham draught lobby	-7,639
General Provision for Compensations	-265,042
Cultural Quarter Integrated Reception	-407
Garages Adjacent to 9 London Road, Derker	-839
SFNB - Derker Area General Provision (Support for New Build)	-13,070
HMRF Derker - Demolitions - General Provision	-24,784
SFNB - Land at Spencer St - Countryside (Support For New Build)	-95,000
HMRF Werneth - Demolitions - General Provision	-2,374
Meadowbank (Tweedale Way) Dilapidations	-1,500
Borough Mill Triangle - Site Remediation Works re Phase 1	-1,970
TOTAL FUNDS AVAILABLE FOR REALLOCATION	**-1,019,002**

Other Available Resources

3.20 In addition to the £783k of schools specific funding referred to at paragraph 3.6 and £369k of DIF resources referred to at paragraph 3.11, the Council has been able to release other resources and has also been notified of additional resources by Central Government as follows:

Short Breaks for Disabled Children

3.21 The Council was notified on 19th September of a second allocation of capital funding of £147,759 for short breaks for disabled children. The letter advising of the grant clearly highlights that it is unringfenced, but the grant conditions indicate that it should be used for an education purpose. The Government intended (but has not directed) that the funding should help local authorities and their health partners to create better access to short break provision by providing new equipment, adaptations and facilities for disabled children and young people. The funding is time limited to August 2013. Members of the community have already been advised that this funding is available. The CIPB was content to hold the resource for this purpose until suitable proposals for use can be prepared.

District Investment Fund

3.22 During budget deliberations, Members released £480k of resources for District Partnerships via the District Investment Fund (£160k in each of the years 2013/14, 2014/15 and 2015/16) funded by resources in 2012/13.

Social, Emotional and Behavioural Difficulties (SEBD) School

3.23 When tenders were received for the work that is to be undertaken to provide a suitable SEBD facility at the Dean Street site, the tender recommended for acceptance was £253k under the funding allocation allowed and this resource was therefore available for reallocation to other projects.

Government grant funding for 2 year olds

3.24 On November 27th 2012 the Council was notified by the Department for Education of a grant allocation payable in 2012/13. It is intended to support implementation of early education for two year olds but it can be used for any capital purpose. The capital funding is £555,989 and there is no deadline for its use. The Council does not have to report on how the capital has been spent.

In accordance with the capital strategy, this unringfenced resource has been pooled for reallocation in accordance with corporate priorities.

Disabled Facilities Grant

3.25 On 6th December, the Council was notified of a supplementary 2012 capital grant allocation for Disabled Facilities Grant (DFG) of £173k. Whilst this is an unringfenced grant, in accordance with the Councils capital strategy, this will be passported for use for DFG purposes.

Allocation of Resources

4.1 In overall terms, £2.850m of general resources and £931k of schools specific funding was identified as available for reallocation. There were a number of requests for resources that were considered by Members at both the Members Sub Group meetings and some priority investment areas were also identified. In addition, submissions to the CIPB were also considered.

4.2 The Members Sub Group established five principles that must be met in order that schemes could qualify for a resource allocation. These are set out below. Funding must therefore be utilised to:

1) support the creation of jobs

2) provide matched funding for significant amounts of external resources to enable the Council to attract additional contributions to projects

3) support projects addressing service demands or the outcomes of service reviews

4) fund expenditure that the Council is obliged (either by Government or local circumstances) to incur

5) support District Partnerships in the realignment of premises e.g. whereby one or more property is disposed of with the aim of generating capital receipts but new investment is required to enable more joined up service delivery from a single or reduced number of sites

4.3 Table 2 below sets out the funding sources and the projects that the CIPB wished to support as they met the established criteria. It can be seen that after allocating £2.616m of general resources, £234k still remains available. A total of £148k of schools ring fenced resources remains although this is being held, pending the submission of a suitable project for short breaks for disabled children.

Table 2 – Resources Available and Reallocated to Schemes

Sources of Funds	General Resources £000s	Schools Ringfenced £000s
General Resources Released	-1,019	
DIF 2012/13	-369	
Future Years DIF	-480	
SEBD School Resources	-253	
Government Grant for 2 Year Olds	-556	
Disabled Facilities Grant	-173	
Schools Devolved Capital		-783
Short Breaks for Disabled Children		-148
TOTAL RESOURCES AVAILABLE	**-2,850**	**-931**
Resources Allocated		
Failsworth School Sports Pitches	100	
New Bridge School - Additional Facilities	500	
Fitton Hill Community Centre and Library - demolition costs	63	
Dunwood Park - financing additional costs	423	
Chadderton Hall Junior and St Mathews Infant School - contribution to the costs of amalgamation		25
School Condition Works		700
School Design Works - major projects		58
District Partnerships – realignment of property and facilities	369	
Capital Programme ICT Funding	180	
Disabled Facilities Grant	173	
Bluecoat School	408	
Equity Home Loans	400	
TOTAL RESOURCES ALLOCATED	**2,616**	**783**
RESOURCES REMAINING BE ALLOCATED	**-234**	**-148**

4.4 Three of the approved projects are not planned for 2012/13. The resources will therefore be carried forward for use in future financial years as follows:

School Condition works - £700k to be spent in 2013/14

ICT Funding - £180k required to finance ICT contractual commitments in 2016/17 and hence balance the four year capital programme covering the period 2013/14 to 2016/17

Equity Home Loans – £400k to be used over 2013/14 and 2014/15

5 Conclusion and Recommendations

5.1 The review has allowed a thorough examination of projects in the programme to ensure that they are relevant in the context of the Councils current priorities. It has also ensured that where appropriate, resources could be released to address priorities.

5.2 In order to progress the updating of the capital programme it is therefore important that the recommendations of the CIPB are confirmed to:

a) Agree the allocation of £2.616m of general resources to schemes as set out in Table 2
b) Agree the allocation of £783k of schools ring fenced resources to the scheme as set out in Table 2
c) Note that there is £234k of general resources available for reallocation
d) Note that there is £148k of schools resources available for reallocation currently being held for short breaks for disabled children subject to the submission of a suitable scheme
e) Agree the removal of £1.364m of schemes from the capital programme and reprofiling of schemes including the BSF programme
f) Agree that the approval of the allocation of uncommitted resources is delegated to the Executive Director Neighbourhoods and the Borough Treasurer in consultation with the Executive Member for Finance and Human Resources