North Lanarkshire Council Report

Policy and Strategy Committee

☒ approval ☐ noting **Ref** PH/JQ **Date** 21 March 2019

Capital Strategy to 2022/23

From Paul Hughes, Head of Financial Solutions

Email hughesp@northlan.gov.uk **Telephone** 01698 302275

Executive Summary

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for Councils to produce a Capital Strategy. This Capital Strategy to 2022/23 ("the Strategy) represents a refresh of the Capital Investment Strategy 2005 -2018, further developing the previous approach in light of the new Prudential Code requirements.

The purpose of the Strategy being to create an asset base which meets the ambition where We ASPIRE that the Council is the place to Live, Learn, Work, Invest and Visit. A place where there is a shared ambition for inclusive growth and prosperity for all. It defines all of our work across communities, stakeholders and partners.

The Strategy ensures the Council takes capital expenditure and investment decisions in line with the Council's corporate priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

The Strategy outlines the approach to capital funding including recognising opportunities for collaborative working or alternative funding initiatives whilst also highlighting the risks that may impact upon the Council achieving its aims and objectives for capital expenditure and investment.

The Strategy outlines the approach for allocating limited capital finance to competing projects, capital bid proves and project ranking and selection process and thereafter the financial monitoring processes and mechanisms.

Finally the Strategy recognises the importance of good TM practice as an important factor in achieving the aims and objectives of the Capital Strategy identifying prudential borrowing as an important funding source.

Recommendations

It is recommended that:

a) Committee endorses the Capital Strategy to 2022/23 set out within Appendix 1 to this report.

Supporting Documents

Council business plan to 2020	Improve the council's resource base
Appendix 1	Capital Strategy to 2022/23

1. Background

1.1 Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for Councils to produce a Capital Strategy. This Capital Strategy to 2022/23 (“the Strategy) per Appendix 1 represents a refresh of the Capital Investment Strategy 2005 -2018, further developing the previous approach in light of the new Prudential Code requirements.

1.2 The purpose of the Strategy being to create an asset base which meets the ambition where ‘We ASPIRE’ that the Council is the place to Live, Learn, Work, Invest and Visit. A place where there is a shared ambition for inclusive growth and prosperity for all. It defines all of our work across communities, stakeholders and partners.

---

2. Report

2.1 The objective and aim of the Strategy is to ensure the Council takes capital expenditure and investment decisions in line with the Council’s corporate priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

2.2 It establishes a link to various Council corporate policies and plans which inform the capital investment process, providing a short summary of each area in the context of developing the Strategy to meet its purpose.

2.3 It is a means of developing capital investment proposals up to 2022/23 based on available resources and aligned to Best Value & Efficiency, the Council Financial Regulations, We ASPIRE & the Council Plan to 2020, the Corporate Asset Management Plan, the Medium Term Financial Plan and the Treasury Management (TM) Strategy & Prudential Borrowing.

2.3 The Governance and Programme Management Arrangements and the expected level of skills and knowledge required in Capital matters, to enable the Council to achieve its capital investment objectives are laid out. The Council having in place a Strategic Capital Delivery Group (SCDG) to oversee the identification of capital funding resources, project approval and the day to day management of the capital programme including the realignment of resources and programme delivery.

2.4 The capital funding sources which are available to the Council are outlined within the Strategy including capital grants, capital receipts and prudential borrowing and the opportunities for collaborative working and new funding opportunities to support economic growth.

2.5 Risks are highlighted that may impact upon the Council achieving its aims and objectives including the risk of delay in starting and completing projects and the risk of cost overrun. Inherent TM risks are also highlighted which may impact upon the affordability and delivery of the approved capital programme. These include interest rate, liquidity, and legal and regulatory risk, heavily influenced by the external environment.

2.6 The Council’s approach for allocating limited capital finance to competing projects, using a formal capital bid template and a project ranking and selection process and RAG (red, amber, green) status is detailed within the Strategy. This provides a consistent basis for informing investment decisions to meet the purpose of this Strategy.

2.7 The Strategy includes as an appendix to the main document a summary of the approved 5 year Composite Capital Programme 2018/19 to 2022/23 which will meets the requirements of the refreshed strategy. It categorises investment across a number of themes including Unavoidable Commitments and Key Ambition with associated thematic categories including Digital NL and Town Centres and Regeneration.

2.8 The financial monitoring processes and mechanisms in place to ensure that projects that receive funding are delivered on time and within budget and provide the desired level of service output are outlined.

2.9 Finally the Strategy recognises the importance of good Treasury Management practice as an important factor in achieving the aims and objectives of the Capital Strategy identifying prudential borrowing as an important funding source. The TM team being responsible for funding this adopting the Council's annual borrowing strategy laid out within its TM Strategy.

3. Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There are no specific impacts on Fairer Scotland.

4. Implications

4.1 Financial Impact

None identified.

4.2 HR/Policy/Legislative Impact

None identified.

4.3 Environmental Impact

None identified.

4.4 Risk Impact

Failure to have in place a capital strategy would breach one of the requirements of the revised Prudential Code for Capital Finance in Local Authorities 2017.This may result in the Council not having in place the asset base to meet its ambition where We ASPIRE that the Council is the place to Live, Learn, Work, Invest and Visit. The Strategy will protect the Council from taking capital expenditure and investment decisions which will not meet the Council's corporate priorities, service objectives and properly taking into account stewardship, value for money, prudence, sustainability and affordability.

5. Measures of success

5.1 The Capital Strategy to 2022/23 provides members with assurance that by implementing the strategic approach outlined within Appendix A the purpose of the Strategy will be achieved. The Council will have an asset base to meet the ambition where 'We ASPIRE' that the Council is the place to Live, Learn, Work, Invest and Visit. A place where there is a shared ambition for inclusive growth and prosperity for all. It defines all of our work across communities, stakeholders and partners.

Paul Hughes
Head of Financial Solutions

Members seeking further information on the contents of this report are asked to contact Joseph Quinn, Finance Manager (Systems, Capital and Treasury Management) on telephone number 01698 302061.

North Lanarkshire Council
Capital Strategy
to 2022/23

Contents

Executive Summary

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for Councils to produce a Capital Strategy. This Capital Strategy to 2022/23 ("the Strategy) represents a refresh of the Capital Investment Strategy 2005 -2018, further developing the previous approach in light of the new Prudential Code requirements.

The purpose of the Strategy being to create an asset base which meets the ambition where 'We ASPIRE' that the Council is the place to Live, Learn, Work, Invest and Visit. A place where there is a shared ambition for inclusive growth and prosperity for all. It defines all of our work across communities, stakeholders and partners.

The objective and aim of the Strategy is to ensure the Council takes capital expenditure and investment decisions in line with the Council's corporate priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

The Strategy establishes a link to various Council corporate policies and plans which inform the capital investment process, providing a short summary of each area in the context of developing the Strategy to meet its purpose. It is a means of developing capital investment proposals up to 2022/23 based on available resources and aligned to Best Value & Efficiency, the Council Financial Regulations, We ASPIRE & the Council Plan to 2020, the Corporate Asset Management Plan, the Medium Term Financial Plan and the Treasury Management (TM) Strategy & Prudential Borrowing.

The Strategy sets out the Governance and Programme Management Arrangements and the expected level of skills and knowledge required in Capital matters, to enable the Council to achieve its capital investment objectives. The Council having in place a Strategic Capital Delivery Group (SCDG) to oversee the identification of capital funding resources, project approval and the day to day management of the capital programme including the realignment of resources and programme delivery.

The Strategy outlines the requirement to access various capital funding sources which are available to the Council including capital grants, capital receipts and prudential borrowing. It also recognises opportunities for collaborative working or taking advantage of new funding opportunities to support economic growth including tax increment financing.

The Strategy highlights the risks that may impact upon the Council achieving its aims and objectives for capital expenditure and investment, including the risk of delay in starting and completing projects and the risk of cost overrun. Inherent TM risks are also highlighted which may impact upon the affordability and delivery of the approved capital programme. These include interest rate, liquidity, and legal and regulatory risk, heavily influenced by the external environment.

To achieve the Strategy , the Council has a model for allocating limited capital finance to competing projects, using a formal capital bid template and a project ranking and selection process and RAG (red, amber , green) status . This provides a consistent basis for informing investment decisions to meet the purpose of this Strategy.

The Strategy includes as an appendix a summary of the approved 5 year Composite Capital Programme 2018/19 to 2022/23 which has been approved to meet the aims and objective of the Strategy. It categorises investment across a number of themes including Unavoidable Commitments and Key Ambition with associated thematic categories including Digital NL and Town Centres and Regeneration.

Thereafter the Strategy outlines the financial monitoring processes and mechanisms put in place to ensure that projects that receive funding are delivered on time and within budget and provide the desired level of service output.

Finally the Strategy recognises the importance of good TM practice as an important factor in achieving the aims and objectives of the Capital Strategy identifying prudential borrowing as an important funding source. The TM team being responsible for funding this adopting the Council's annual borrowing strategy laid out within its TM Strategy.

Introduction

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for Councils to produce a Capital Strategy.

North Lanarkshire Council ("the Council") prepared a Capital Investment Strategy for 2005-2018 which was approved by the Policy and Resources (Finance and Customer Services) Sub-Committee in August 2007 with subsequent reviews and updates approved by Committee in May 2010 and September 2013. This Capital Strategy to 2022/23 ("the Strategy") represents a refresh of the strategy document further developing the previous approach in light of the new Prudential Code requirements.

The purpose of the Strategy being to create an asset base which meets the ambition where We ASPIRE that North Lanarkshire is the place to Live, Learn, Work, Invest and Visit. A place where there is a shared ambition for inclusive growth and prosperity for all. It defines all of our work across communities, stakeholders and partners.

The objective and aims of the Strategy is to ensure the Council takes capital expenditure and investment decisions in line with the Council's corporate priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

The Council's capital expenditure is the money it spends on providing or improving non-current assets, which include land, buildings and equipment, which will be of use or benefit in providing services for more than one financial year.

This Strategy establishes the Council's integrated approach to corporate resource planning considered in the context of

- Best Value & Efficiency;
- Council Financial Regulations;
- We ASPIRE – A shared ambition for North Lanarkshire & Council Plan to 2020;
- Corporate Asset Management Plan;
- Financial Strategy - Medium Term Financial Plan;
- Treasury Management Strategy & Prudential Borrowing.

The Strategy considers the priorities which will inform the Council's approach to investing in its assets in the context of the capital resources expected to be available, reports on progress and identifies measurable objectives for the timeframe of the Capital Programme.

It is underpinned by the Council's Corporate Asset Management Plan setting out a strategic framework for the effective delivery of asset management planning. The approach to asset management planning is based on developing best practice including "A Guide to Asset Management and Capital Planning in Local Authorities" published by CIPFA.

The Strategy includes as an appendix a summary of the approved 5 year Composite Capital Programme 2018/19 to 2022/23 which has been approved to meet the aims and objectives of this Strategy. It categorises investment across a number of themes including Unavoidable Commitments and Key Ambition with associated thematic categories including Digital NL and Town Centres and Regeneration.

This Strategy will be available within the Council's Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Best Value & Efficiency

The Council is committed to ensuring it has Best Value built into its overall service delivery. Best Value is contained within the overall planning process, with Services required to set clear objectives and identify the resources required to deliver them, within the service planning process.

The Council has an Audit and Governance Panel and a Scrutiny Panel charged to audit and review Council processes and procedures relating to areas of direct service provision, thus ensuring that Best Value processes are constantly audited and maintained.

Capital investment decisions have a major impact on the delivery of Council services. The Strategy and the resultant decisions on projects included within the Council's capital programmes are developed on Best Value principles.

The Council embraces the Best Value regime and delivers Best Value through the:

- Business Plan to 2020;
- Corporate Statement;
- Community Plan;
- Equal Opportunities Policies and Procedures;
- Consultation Processes;
- Corporate Governance Framework;
- Solace Public Performance Indicators;
- Public Sector Improvement Framework;
- Sound Management of Resources.

The Council is committed to improving asset management and the Strategy is designed to ensure that capital investment decisions support the provision of a modern, effective asset base.

Council Financial Regulations

Financial Regulations are an integral part of the Council's framework of internal financial controls, which are designed to ensure the effective stewardship of the Council's funds. Compliance with these regulations will ensure that public money is safeguarded and properly accounted for, and all Council financial transactions undertaken in a manner which demonstrates openness, transparency and integrity.

In developing the Strategy recognition has been taken of the Council Financial Regulations and in particular Section 4 Capital Expenditure which covers the following areas:

- Capital Programme Development & Preparation;
- Setting of Capital Estimates;
- Right to Proceed;
- Acceleration & Emerging Projects;
- Spend Approvals;
- Revenue Consequences;
- Contingency Sums/ Deviation;
- Agents.

The Financial Regulations 2018/19 also make reference to the Terms of Reference of the Strategic Capital Delivery Group ("SCDG" "the Group") approved by the Policy and Resources Committee on 6 June 2018. These are designed to facilitate the effective management of the Council's capital investment including capital planning, programme development and monitoring processes with further details of the SCDG remit included within the Capital Governance and Programme Management Arrangements section below.

The Council's Financial Regulations are available within the Council's Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

We ASPIRE – A shared ambition for North Lanarkshire & Council Plan to 2020

In developing the Strategy the key driver is the Council's Plan to 2020 and the most recent evolution 'We Aspire - A Shared Ambition for North Lanarkshire' report presented to Policy and Resources Committee on the 27 September 2018. This clearly states the ambition where We ASPIRE that North Lanarkshire is the place to Live, Learn, Work, Invest and Visit. A place where there is a shared ambition for inclusive growth and prosperity for all. It defines all of our work across communities, stakeholders and partners.

The Council's plan to 2020 and We Aspire vision focused on five corporate priorities and significant progress has been to achieve the desired outcomes. The current trends in the social, economic and environmental conditions prevalent in the Council communities suggest these priorities remain relevant, aiming to:

- Improve economic opportunities and outcomes;
- Support all children to realise their full potential;
- Improve the health and acre of our communities;
- Improve relationships with communities and the third sector;
- Improve the Council's resource base

Within these five corporate priority outcomes there are a number of sub outcomes (see Appendix A of Appendix 1).

In developing the Capital Programme the SCDG are required to assess and score how each project submitted for consideration contributes towards achieving the corporate priorities and sub-outcomes, with a weighting applied to each corporate priority outcome sub-divided for each sub outcome. Further detail regarding the capital bids and project ranking selection process and how it achieves the selection of projects aligning to corporate priorities is provided within the Capital Bids Methodology and Project Ranking and Selection Process sections below.

This approach clearly aligning the Strategy for programme development to the corporate priorities in particular for those projects classified as new investment initiatives.

Further detail of the We ASPIRE – a shared ambition for North Lanarkshire programme & the Council Plan to 2020, including the list of sub-outcomes which lie below the five corporate priorities, are available on the Council's Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Corporate Asset Management Strategy / Plan

The effective use of Council assets is a key priority for the Council and the Corporate Asset Management Strategy drives forward proposals for capital investment via the Capital Bids process described later in this document. One of the criteria for making a capital bid, within the objective section of the capital bid template, is whether the proposed capital expenditure is deemed an 'Asset Management Plan Priority', emphasising the importance of having a working Corporate Asset Management Plan in place(CAMP).

A corporate approach to asset management will support the development, on-going scrutiny and monitoring of the capital programme and initiatives for future investment. Assets are the second largest cost to the public sector after payroll costs and the approach to asset management can influence both the quality of public services and the money that is available to the frontline and other services.

The Council's CAMP published in 2013 is currently being refreshed and is intended for the period 2019/20 to 2022/23 and will set out the Council's strategy for managing its assets.

The aim of the Council's Corporate Asset Management Plan (CAMP) is to provide a modern, efficient and sustainable operational land and property portfolio that fully meets the needs of its existing and future service users and employees.

The CAMP strategy supports the delivery of the operating model for services in conjunction with the Council's key ambitions as well as the Transformation Programme.

The strategic direction for the management of the Council assets is to ensure they are managed in a consistent, efficient and effective manner through the review of asset data, financial management information and operational knowledge.

To facilitate this in conjunction with services, regular reviews of the asset portfolio are carried out with the initial criteria for assessment for all assets being suitability, utilisation and condition.

The list of assets held by each service is assessed individually and jointly with other services to identify opportunities for reviewing the continued use of poorly performing asset and to inform possible actions that could be taken to improve performance. For example combining service delivery for property or fleet. Other local authority and public sector partner organisations can be considered in providing a solution to supplying assets such as relocating services and vacating unsuitable accommodation.

Asset Management is widely recognised by the Scottish Government, Public Bodies, Engineering and Property professionals as vital to optimising the use and management of non current assets, with the aim of maintaining service delivery and releasing financial and service benefits. The Council approach recognised as best practice by Audit Scotland in their Best Value Audit toolkit on Asset Management.

The Council manages a large and diverse portfolio of assets and depends on relevant up-to-date, accessible information to allow the Council to make informed decisions on the use of assets. The Council uses various asset management systems e.g. PISA, GIS mapping system for property to store information on its non current assets.

The Corporate Asset Management Strategy:

- Delivers a corporate and coordinated approach to asset management;
- Provides clear arrangements for the management of assets;
- Regularly measures the performance of assets;
- Comments on the deliverability of Asset Management Plans within the context of projected capital and revenue resources;
- Ensures a fully documented process for the prioritisation of capital investment.

Within Asset & Procurement Solutions (A&PS), the Asset Management section has the remit of developing and implementing the Corporate Asset Management Strategy with regard to its land and buildings.

This will further be expanded to take into account all current and non-current assets as part of the Transformation Programme and the Head of A&PS will have overall responsibility for the delivery of Corporate Asset Management Strategy, although each individual Service will be required to deliver on the outcomes within their respective asset management plans.

Support is provided by the Officers from the various Services who are responsible for the implementation of the individual asset plans for other sub groups (over and above land and buildings).

In accordance with the CIPFA “Guide to Asset Management and Capital Planning in Local Authorities” the Council has developed asset plans under 4 main sub-groups currently subject to review and refresh including :

- Property;
- Roads Structures, Lighting and Water Infrastructure;
- Fleet & Plant;
- ICT;

A fifth asset plan for open spaces will be covered in the Environmental Plan.

The Council is currently developing an asset disposal strategy on the premise that assets are sold regardless of market conditions to ensure that ongoing liabilities are kept to a minimum.

The Council has a series of Corporate Working Groups and Committees alongside a Transformation board to co-ordinate and monitor corporate projects and work streams.

This includes the Corporate Asset Management Working Group responsible for reviewing progress in respect of the various Asset Management Plans (AMP’s) , overall progress in respect of the production of all AMP’s as well as ensuring collaboration is apparent where synergies in cross functional activities exist.

The Council has in place a Project Management Model (based upon RIBA Plan of Work) which brings an inclusive approach to the management of projects across the organisation. The model follows a robust suite of project management principals, embedded within matrices and process maps, control documents and guidance for all key personnel involved in Project Management. Outcomes are measured by the successful delivery of the Council's construction programmes and wider project management activities.

The 2019-23 asset management plan strategy provides an overview of the various strands and an updated position on each capturing the significant progress made since the previous strategy.

An in depth and detailed analysis including the individual service AMP’s and asset subgroup, incorporated within and overarched by the Corporate Asset Management Strategy , can be found within the Council’s Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Financial Strategy: Medium Term Financial Plan

In developing the Strategy it is important that the financial challenges recognised within the Council’s Medium Term Financial Plan (MTFP) are considered as the capital strategy adopted will have resource costs/benefits. For example the capital programme approved may result in an increase in capital financing costs where additional borrowing is anticipated to support the proposed capital programme or alternatively where there may be potential revenue savings due to capital spend to save initiatives. It is important therefore that the MTFP makes allowance for funding to support capital investment.

Given the current level of uncertainty surrounding funding due to Brexit and the limited information available from the Scottish Government on future funding due to one year settlements, it is therefore considered that a five-year medium-term plan covering the period 2019-20 to 2023-24 is reasonable and appropriate for planning purposes.

The MTFP has been developed within a continuing challenging financial climate with the Council constantly facing competing demands for the limited resources available. It reflects latest political, social and economic factors and their impact on demand for services, resources, other cost pressures and financial settlements.

The MTFP assists the development of a strategy to ensure resources are allocated across competing services according to Council Plan to 2020 priorities, ensuring all plans are linked to Government spending review announcements, new priorities, inflation targets and anticipated changes in demand. In addition, the plan takes account of risks which may impact on the Council's future resource levels, which therefore can affect its ability to continue to provide high quality services focusing on the Council's strategic priorities.

As demonstrated within this document the Strategy has adopted a similar strategic approach to that used in setting the revenue budget in setting its capital programme, incorporating the Council approved methodology 'Development of a Strategic Approach to Budgeting in June 2016'. This focusing on linking the Council's corporate priorities, financial strategy, and ensuring effective allocation of available resources to deliver on the priorities.

Within the most recent MTFP reported to the Policy & Resources Committee on the 6 December 2018, the key financial achievements included the following:

- Developing a 5 year Composite Capital Programme of £213.0m for 2018-19 to 2022-23 including £85m to support the Council's 'Our Ambitions' programme;
- Being a key partner in the £1.13 billion Glasgow City Region City Deal, bringing investment of around £200million to North Lanarkshire to improve infrastructure and create jobs in the area;
- Laying the foundations for the Council's proposed Community Investment Fund to realise new resources of £500m over 10 years for direct capital investment.

Further information the Medium Term Financial Plan 2019-20 to 2023-24 is available within the Council's Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Given the diminishing resources and the competing priorities outlined previously within this document it is essential the strategy outlines a structured approach to developing the capital programme, its delivery and monitoring in conjunction with services led by the Strategic Capital Delivery Group. The paragraphs below outline the capital strategy to be adopted in terms of developing, setting and monitoring the capital expenditure plans to achieve the main purpose of the Strategy including:

- Capital Governance and Programme Management Arrangements;
- Capital Funding Sources;
- Capital Bids Methodology;
- Capital Project Ranking and Selection process;

Capital Governance and Programme Management Arrangements

Strategic Capital Delivery Group

To consider and assess service capital bids and develop the Council's long-term capital programme and ensure an efficient and effective programme delivery the Council has in place a Strategic Capital Delivery Group (SCDG/ the Group) which was initially set up in July 2017 to develop the 5 year Composite Capital Programme for 2018/19 -2022/23.

It is an officer working group comprising senior officers including Executive Directors and Heads of Service. The Group advises elected members in terms of capital allocation and project approval and has responsibility for the day to day management of the capital programme, including the realignment of resources and programme delivery.

The Group as a minimum meet quarterly prior to each cycle of Policy and Strategy Committee.

The Group objectives being:

- Make corporate decisions within approved capital allocations, project approval, realignment of resources and programme delivery;

- Ensure robust governance arrangements around the delivery, monitoring and reporting of capital activity;
- Ensure effective alignment of resources, to allow for effective delivery of the capital programme;
- Monitor delivery of the capital programme in line with the approved Project Management guidelines, including post implementation reviews of completed projects;
- Arrange and undertake Training/awareness sessions as required to reinforce skills/knowledge across the Council in respect of capital and capital financing;
- Consider the quarterly capital monitoring report due to Policy and Strategy to ensure appropriate actions are agreed for review by elected members;
- Monitor the available resources and expenditure against forecast, revising these where necessary, in line with the appropriate authority levels for virement request and acceleration to ensure delivery of the programme;
- Ensure all decisions made by the Group are Intra Vires and in line with the Council's Business Plan to 2020.

The SCDG make recommendations and amendments to the approved capital programme, as required, with decisions taken by the SCDG officially reported to the Chief Executive and Head of Financial Solutions, with any amendments reported to individual Service Committee reports, in line with the approved limits, as outlined in the Terms of Reference.

As the SCDG is scheduled to meet quarterly, the approval of business cases and funding allocation may be delegated to project board specifically set up for this purpose if agreed by the SCDG. An example of this being the establishment of an Economic Regeneration Delivery Plan (ERDP) Steering Group and Project Board. The ERDP Steering Group will oversee the development, implementation and monitoring of the ERDP to help deliver sustainable and inclusive growth. The ERDP Project Board will approve and monitor projects which have been agreed in principle by the ERDP Steering Group and which support the delivery of the ERDP. Both groups will meet four weekly.

Further information regarding the terms of references of the SCDG, including any subsequent reviews and updates approved by Committee, are available within Council's Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Capital Funding Sources

In the early stages of developing the Council's capital programme it is important that the Strategy identifies all potential sources of capital funding is as this will be a key component in the Council achieving the aims and objectives of this Strategy.

Funding levels will drive the level of capital expenditure which is prudent, sustainable and affordable, aligned to the financial challenges within the MTFP, the Council's strategic priorities, the corporate asset management plan and ensuring value for money. There are a number of alternative funding sources available to the Council which should be considered.

Scottish Government

The Scottish Government provides the Council with funding to support capital expenditure in the form of two types of capital grant, the General Capital Grant and Specific Capital Grants.

The General Capital Grant is provided to the Council as part of the annual Local Government Settlement, i.e. the amount of grants provided to local government each year. Councils are able to spend this grant on capital projects that meet local and national priorities to deliver their Single Outcome Agreement or the national Strategic Objective and Purpose. A General Capital Grant offer is made to individual local authorities each year through the issue of a grant offer letter.

Specific Capital Grants are also known as specific purpose grants or ring-fenced grants, and may only be used by local authorities to fund specific capital expenditure. The terms and conditions of each grant are set out separately in the grant offer letters. The Council will receive some Specific Capital Grants through the Local Government Finance Settlement with additional Specific Capital Grants paid outwith the Local Government Finance Settlement.

Capital Receipts

Capital receipts represent money received from selling land, buildings or other capital assets which may only be used to fund new capital expenditure or the repayment of debt principal using a capital fund.

The Council has approved procedures for dealing with surplus assets, details of which are outlined within the Corporate Asset Management Plan.

The general principle for the use of Capital Receipts is that any receipts generated from the sale of assets will be considered corporately and used to augment the investment in the capital programme.

The sale of assets will also consider the various corporate strategies approved by the Council, e.g. Sports Pitch Strategy, etc. and where necessary earmark resources to fund any subsequent corporate priority requirements.

The capital strategy adopted in relation to capital receipts should recognise key factors which may require mitigation which influence the potential receipts achievable including:

- Over reliance on a small portfolio of disposals whereby the addition/removal of a surplus asset from the original projections has a significant impact on receipts;
- A drop in economic performance of the UK impacting on development;
- Changes in legislation/planning permission/statutory consents.

Other External Funding

The Strategy will consider innovative sources of finance to provide funding for projects which are of the nature, scale and size to attract to attract external funding support. This may include

Joint Working with Community Planning Partners and Shared Services

Improving joined-up service delivery, the need to demonstrate Best Value and financial constraints are factors that may cause the Council to consider joint procurement of capital assets. The different capital funding, procurement, VAT rules across the public sector will have to be taken into account in considering this option. Historically the Council has pursued a number of joint projects, e.g. the construction of the Buchanan Centre, Wishaw Hub , the joint equipment store with NHS Lanarkshire and the Clyde Valley Waste Management Facility.

Tax Increment Financing (TIF)

TIF is a method of financing major regeneration projects. TIF means that the Council could borrow to pay for public sector infrastructure works, e.g. roads, which are necessary to lever in funds from the private sector to carry out major regeneration. The cost of the Council's borrowing would be met by ring-fencing the non-domestic rates (the property tax paid by shops, businesses, offices, etc.) that would be generated from the regeneration works.

Scottish Futures Trust Initiatives / Partnership with Private Developers/Joint Bodies

The lack of available finance for major developments may make it impossible for projects to be undertaken using the Council's own resources. Working in partnership with private developers could lever in private sector investment to achieve Council objectives within a realistic timescale. This could also include new initiatives developed by the Scottish Futures Trust e.g. DBFM Hubco for schools, the SALIX Energy efficiency programme and Joint Body contributions to works e.g.

Strathclyde Passenger Transport.

Leasing Arrangements

Leasing assets may be considered as an alternative to owning assets, e.g. to provide flexibility in service delivery where the Council would not want to be locked into owning assets which could become obsolete through changing technology or as a result of changing demographics or demand for service.

Prudential Borrowing

The Local Government in Scotland Act 2003 introduced the Prudential Code for Capital Finance with effect from 1st April 2004. The key objectives of the code are to ensure that the capital investment plans for local authorities are affordable, prudent, sustainable linked closely to TM practices.

Adopting the Prudential Code, prudential borrowing can be used to meet the shortfall in other capital funding sources, known as the capital financing requirement, provided revenue funding, informed by the MTFP, is available to meet the implications of capital expenditure, both borrowing costs (interest and principal repayments otherwise known as 'loan charges') and revenue implications. As a result, the capital and revenue planning processes are fully integrated and decisions are taken on the level of borrowing that is deemed to be affordable, prudent and sustainable.

Capital expenditure levels are determined, based on an assessment of the current asset base and the identification and prioritisation of investment needs as identified using the capital bid methodology described within below with the level of spending assessed in conjunction with the capital funding sources available.

By implementing the approach outlined within this Strategy and the associated TM Strategy, the Council will have in place the tools to fulfil the objectives of the Prudential Code including the setting and monitoring a number of statutory Prudential and TM indicators, which include the setting of borrowing limits. The prudential indicators for capital expenditure plans are encompassed within the Council's TM Strategy, with a brief summary of its content within the Treasury Management and Prudential Borrowing section below.

The Council adopts the strategic approach outlined above in identifying capital funding sources which recently informed the development and setting of the Council approved Composite 5 year Capital Programme 2018/19 to 2022/23.The capital funding sources breakdown is shown in Appendix 2.

Capital Funding Sources: Considerations and Risks

Overprogramming

Given the size and complexity of the capital programme, containing projects that may extend over a number of years, the Strategy recognises that it is likely that some projects will not match their profiled spend within particular financial years. As a result, the Strategy allows for an over-programming allowance within the capital programme. The level of this allowance is assessed according to the type of projects that make up individual years of the programme. In the event that the in-year programme runs strictly to schedule, the over-programming allowance can be smoothed through reviewing future capital investment plans or the use of prudential borrowing, subject to SCDG approval. The resultant impact being managed within the Council's MTFP and TM strategy.

Reduced Capital Funding

In developing a capital programme there are a number of assumptions made in terms of funding sources relying on past current and future projections. Therefore a risk exists that capital plans may need to be revised and priorities re-assessed if the level of resources available is reduced. For example there has been a significant reduction in capital grant funding in recent years because of the state of the public finances and there remains uncertainty as to future grant levels. The remit of the SCDG is to monitor resources available and take appropriate action.

Treasury Management Risks

The delivery of the Capital Programme is closely aligned to the TM Strategy and in particular the borrowing strategy which informs the level of 'Prudential Borrowing' which is affordable, sustainable and prudent. There are a number of inherent risks associated with TM including interest rate, liquidity, and legal and regulatory risk. A number of these risks are influenced by the external environment and will be monitored as their influence may require capital plans to be revised. Examples include:

The Scottish Government has the power to limit the level of prudential borrowing under Section 36 of the Local Government in Scotland Act 2003 (Scotland) and any limit imposed nationally would have an impact on the Council's ability to resource its capital programme if borrowing is required to meet the shortfall in other resources available.

The Council currently has access to finance at competitive rates via the Public Works Loan Board. Any decision by HM Treasury to limit access to or increase the rates for borrowing from the PWLB would impact on the cost of financing capital investment and aligning to the MTFP may require capital plans to be revised.

Operational Risks

The nature of capital projects means that there are operational risks associated with their delivery, including the risk of delay in starting and completing projects and the risk of cost overrun. This Strategy promotes an environment that should ensure risks are explicitly set out in capital proposals and action identified to mitigate these risks.

Capital Bids Methodology

Whilst striving to identify all the capital funding sources available, the Council should ensure that it has a capital bid process which captures all the necessary information to assess how the project aligns with the Council's corporate priorities, corporate asset management plan, medium term financial plan, treasury management and achieving value for money.

This approach requires services to complete a Capital Programme Bid template (see Appendix 1) 1, fully and accurately as possible, to facilitate an effective and informed decision-making process. The purpose being to assist the Council's Strategic Capital Delivery Group (SCDG) to identify and recommend the most appropriate and beneficial capital programme.

Services may provide bids at a high level under a common theme or programme of works heading e.g. wind and watertight programme, energy efficiency etc. However, due consideration can also be given as to whether it would be more appropriate to bid at a project level e.g. a new build care home , this may allow for more effective monitoring going forward, should the capital bid be approved.

Heads of Service and managers must provide sufficient evidence and supporting detail to support their submissions if challenged.

Within the capital bid template the following information is provided

Objectives

A brief outline is required to identify the aim of the project and the reason why investment is now required. The template also gives scope for background information to be provided highlighting key issues that need to be addressed. Services must also identify the category of capital expenditure to which the project relates:

- Unavoidable Commitment – relate to projects that have commenced or have been committed by committee decision but are not fully funded within the current capital programme;
- Asset Management Planning Priority – Capital projects to ensure a continued level of service and/or prolong the life of our existing assets. In addition, it may be considered that if capital expenditure is not undertaken, a detrimental impact may result on either service provision, asset life, or customer satisfaction. Asset Management Planning is essential to the development of the Capital programme. Any project identified within this category should appear in Service's AMP;
- New Investment– Given restrictions in the level of capital funding available to the Council it is essential that resources are directed towards key priorities. Projects identified as New Investment/ Big Ambition initiatives should significantly improve current service provision, result in significant revenue savings to the Council, and/or contribute towards meeting the Council's key priorities.

Option Appraisal

Prior to submission of a capital bid it is expected that a full option appraisal will have been carried out with full details of the options appraisal available on request. This will outline:

- Alternatives Considered – Services should provide a summary of the alternative options that have been considered to meet the aims/needs identified under the Objectives section. Reasons why the options were dismissed should also be included;
- Do Nothing – Services must also outline what the impact will be if the project is not approved or if the full amount of funding requested is not allocated.

Benefit Analysis

Capital bids must include an analysis of benefits arising from the completion of the project. When undertaking the benefits analysis, services must ensure consideration is given to the following:

- What are the expected outcomes/benefits of the project? What benefit will be provided to stakeholders i.e. Service; Council; Employees; Residents;
- Level of improvement expected;
- How benefits will be measured i.e. through PIs; external inspections etc;
- Timescale of monitoring outcomes

Risk Assessment

Services should highlight the key risks that could arise from the delivery of the project as well as the risk associated with the non-approval. The SCDG is responsible for the ongoing monitoring of the capital programme and will use the risk assessment to consider where the main risks of the programme lie and how these risks will be mitigated. Services need to consider the following:

- Type of Risk – Strategic; Operational; IT; Legislative & Regulatory; Human Resources; and/or Financial;
- Level of Risk – consideration must be given to both the likelihood and the impact of each risk as High/Medium/Low;
- Mitigation - the mitigation that each service will/has put in place to reduce these risks to an acceptable level, if it is not reduced to an acceptable level, what other mitigation requirements are necessary e.g. insurance, contract liability.
- Review Period - it should be considered how long the risk is likely to be associated with the project for, e.g. whole life, during design, build, etc.

Services should ensure they undertake a whole life approach to capital bids and consider the implications not only in the short-term, but for the life of the asset, as well as the disposal of the asset.

Financial Summary

Services should provide a reasonable estimate of when the project will start, as well as the estimated completion date. This should be supported by estimated phasing of the investment needed. Due to the restrictions of funding available any flexibility in the phasing should also be identified as additional information.

It is also essential that Services outline key project milestones to assist the SCDG to monitor and review the progress of the capital programme. It is expected that Services would indicate the project's expected quarterly milestones, however if more detailed timescales are known then these should be used.

Additional Information

This section is used to provide any additional information that Services consider would further support any element of the above or their capital bid as a whole. Please note that this should be kept to a minimum, ensuring information and evidence is succinct to allow the SCDG to fully assess the bid.

Council Key Priorities – New Investments

Where a capital bid is for new investment, it is important that Services identify how their project contributes to the achievement of the overall Council key priorities by completing Appendix A to the principal Capital Bid template (see Appendix 1) as fully as possible. This provides details as to how the project aligns with the Council's 5 key priorities:

- Improve economic opportunities and outcomes;
- Support all children to realise their full potential;
- Improve the health, wellbeing and care of communities;
- Improve relationships with communities and the third sector;
- Improve the Council's resource base

Within the template the key priorities are further broken down into sub-outcomes. Narrative should be provided for all sub-outcomes as the information provided will be assessed and used to prioritise projects against the agreed priorities as part of the project selection process.

Capital Project Ranking and Selection Process

Following the submission of the capital bids from services, the SCDG members are responsible for scoring the bids. The overriding principal being to ensure that the capital investment plans approved align closely to the corporate priorities of the Council, with each bid assessed as to how it helps advance these aims. This process also recognizing the limits to funding levels available to support the capital investment plans, including the loan charges and revenue implications incorporated within the MTFP projections.

It is also imperative that the project ranking and assessment is structured to identify priority projects contributing and aligning activities not only with each other, but also with key ambitions set out by each service, examples of which include:

- Digital NL;
- Nursery Expansion;
- Town Centre regeneration;
- Tower Strategy;

This strategic approach for capital project ranking and selection adhering to the Council approved methodology ‘Development of a Strategic Approach to Budgeting’ approved in June 2016 for prioritising the revenue programme objectives.

The SCDG are required to assess and score how each project submitted for consideration contributes towards achieving the key priorities and sub-outcome in terms of whether the proposal:

- Does not contribute;
- Partially contributes;
- Largely contributes;
- Fully Contributes.

There is a weighting applied to each corporate priority outcome sub-divided for each sub outcome which is applied to the scoring provided by each SCDG member. This allows the Group to rank projects as to which best achieves the desired outcomes matched to the total level of resources available.

For consistency the weighted ranking for each sub-outcome should reflect those adopted per the most recent weighting adopted in scoring for the Council Priorities as agreed by the Budget Sounding Board for Revenue.

Unavoidable commitments relating to projects that have commenced or have been committed by Committee decision but are not fully funded within the current capital programme and/or are of strategic importance should be top sliced from the available resources.

Fully funded capital bids where capital spend is matched fully by specific grants or contributions from external bodies should be removed from the review and scoring process.

The remaining bids being subject to the review and scoring process developed by the SCDG with each Group member required to complete a scorecard for each of the capital bids received. During the scoring process, Group members may identify duplicate bids from different services or alternatively capital bids which may not meet the definition of capital expenditure. These should be highlighted when submitting scorecards and be subject to further review and if agreed by the SCDG, removed from the capital bid selection process.

On submission of the individual scorecards, a weighting is applied per above with the scores/ranking provided from each Group member at capital bid level combined to arrive at an average weighted rank by the SCDG members as a whole. The ranking method used to reduce bias to individual projects and differences in scoring methodology between SCDG members.

The output of this process aligns and prioritises capital bids to corporate key objectives. However it generally accepted due to the nature of the capital bids process that the number of capital bids will be oversubscribed compared to the forecast capital funding resources available.

To manage this over subscription, RAG status (Red, Amber Green) is be applied to the scoring model output adopting the criteria below :

Red: The lower ranked projects which fall outwith the cumulative forecast capital resources level available would be given a ‘red’ status as unlikely to proceed without a material change to capital funding levels

Amber: Those capital projects falling marginally outwith the cumulative forecast capital resources available would be given an amber status i.e. may proceed if additional capital funding sources identified.

Green: The highest scoring projects that fall within the cumulative forecast capital resources available will be classed as green, i.e. project bid approved. For example if £250m identified as most probable level of capital resources for all projects , those projects which cumulatively fall within this banding in the scoring ranking would be given green status .

Prior to finalising the Capital programme based on the scoring model outputs and RAG status, at the discretion of the SCDG , the process may be subject to further refinement as there may be appeals from service managers which deem their project necessary but due to unforeseen anomalies within the model, which have not been selected. In this instance the SCDG should request additional evidence from services to substantiate their request that the bid be re-assessed.

For on-going monitoring purposes once projects agreed, to ensure the integrity of the capital programme development process in meeting the key priorities it is recommend the programme adopts thematic category expenditure headings per the list below which can be added to or deleted as appropriate by the Group:

- Unavoidable Commitments;
- Key Ambition;
- Revenue Savings;
- Statutory Obligations;
- Building Asset Expenditure;
- Environmental Asset Expenditure.

Composite 5 year Capital Programme 2018/19 to 2022/23

A summary of the approved Capital investment programme between 2018/2019 to 2022/2023 is outlined in the Table below with a more detailed overview of the 5 year composite capital plan available in Appendix 3.

Thematic Category	**Amount (£000)**
Unavoidable Commitment	£84,372
Key Ambition	£85,052
Revenue Savings	£17,750
Statutory Obligation	£2,079
Building Asset Expenditure	£11,172
Roads and Environmental Land Expenditure	£12,972
TOTAL	**£213,397**

This programme has been developed based on the principles outlined above to achieve the Strategy purpose with regard to the Council’s Composite Capital investment plans for General Services. It is anticipated that this strategic approach will be extended to other capital investment strands including Schools and Centres 21, Children & Young People, City Deal and the Community Investment Fund.

A copy of the report is available within the Council’s Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Capital Financial Monitoring

The approved capital programme should be subject to on–going financial monitoring to ensure expenditure and funding levels are in in line with assumptions and forecast during the capital bids process, the project selection and ranking stage and anticipated capital funding levels.

Elected Members are responsible for considering and approving capital budgets and the Financial Strategy for the Council. Approved budgets must be financially balanced and demonstrate value for money and sustainability with a report on progress of the Capital Programme at Service committee meeting and if appropriate to the Policy & Strategy Committee.

Capital Monitoring Reports to Service Committee should be at a level of detail that is clear and transparent providing members with a proper insight as to how the capital expenditure plans are progressing. It is expected that as a minimum this will be at theme level within each thematic category e.g. Health and Safety (theme) within Statutory Obligations (thematic category).

Reports to the SCDG and Service management teams should include information at individual project level to ensure full transparency with regard to decision-making. As such, individual services require to monitor the capital programme on a project basis, with the information available to Financial Solutions staff on a periodic basis, and to the SCDG as a minimum on a quarterly basis.

Responsibility for Financial Management lies with the Head of Financial Solutions and as such, Financial Solutions staff must be provided with information for individual projects, to allow for effective financial monitoring, in accordance with the Council's Financial Regulations.

In the event that the Head of Financial Solutions considers the SCDG is failing to ensure proper management and monitoring of the Council's Capital Programme, authority will revert back to Committee Conveners and the Head of Financial Solutions respectively.

Responsibility for delivery of cross-cutting themes within thematic categories (e.g. the Council's Condition Surveys programme) will be reported at the lead Committee for Corporate Property, Procurement and Resource Solutions (CPPRS), as responsibility for delivery of the programme lies with the CPPRS. Each Individual Service Committee will receive information on the delivery of each area of the cross-cutting programmes.

The SCDG has oversight of the performance of the Council's capital programme and will manage service requests for acceleration, reprofiling and virement process in line with SCDG Terms of Reference. Post implementation reviews will also be carried out in line with the Council's approved project management guidelines outlined within the Corporate Asset Management Plan.

Knowledge and Skills

The Council has a programme of work to build a sustainable 'Workforce for the Future' which includes development of a Council wide workforce strategy, a broader learning and development strategy and programme of work, new policy frameworks to enable increased flexibility in working patterns and an enhanced focus on employee engagement and wellbeing.

The Capital Programme is managed at service and governance level by a team of professionally qualified staff who have extensive experiences in asset manaqement, meeting statutory obligations, delivering new investment initiatives, financial monitoring and compliance with proper accounting practices.

The technical experience and professional qualifications of staff involved in capital programme governance, development and delivery should be at a level to ensure the ability to

- define processes and procedures;
- to identify core capital requirements and priorities;
- work with services identifying capital needs;
- understand CIPFA Code requirements;
- understand and manage risk.

The Chief Finance Officer (S95 Officer) is responsible for ensuring the effective administration of the financial affairs of the Council in terms of Section 95 of the Local Government (Scotland) Act 1973. The Council's Section 95 Officer is the Head of Financial Solutions and is responsible for Capital Expenditure and is supported by a team of professionally qualified accountants who follow a continuous professional development plan.

To assist in ensuring proper capital accounting practices are adopted in respect of capital expenditure the Financial Solutions team have prepared a 'Capital Accounting Procedures & Guidance Note'.

This document is distributed to all finance staff involved in capital finance and is available on connectNL and by request from interested parties by contacting the Capital Accounting team within Financial Solutions.

This guidance covers the following areas

- Capital Expenditure, initial recognition and capitalisation;
- Capital Income – treatment of capital receipts, grants etc;
- Principles of Capital Accounting, Policies and Valuation;
- Non Current "Fixed" Asset Register.

Treasury Management Strategy and Prudential Borrowing

In delivering the Strategy an important funding source is prudential borrowing and the TM team are responsible for funding this adopting the Council's annual borrowing strategy laid out within its TM Strategy.

Treasury Management is defined as the management of an organisation's investments, cashflows, banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The TM strategy considers the affordability of the capital financing requirement otherwise known as 'Prudential Borrowing' also factoring in the following within its borrowing strategy:

- Costs of refinancing of maturing debt;
- Loan debt repayment policy;
- Maintenance of prudent cash levels.

The TM Strategy is developed based on assumptions and forecasts across a number of areas with a key driver being the capital expenditure plans and the level of prudential borrowing: It incorporates:

- Debt and investment projections;
- Interest rates projections;
- Borrowing and investment strategies;
- TM performance measures;
- Policy on repayment of loans funds advances;
- Treasury Management/Prudential Indicators.

The Prudential Code requires that this Strategy be aligned with the TM strategy. In this regard and to promote an integrated approach between the capital expenditure plans and TM strategy, the Council incorporates the Prudential Indicators with regard to capital expenditure within its annual TM Strategy. The TM strategy detailing the Council's debt position, including the anticipated level of debt, the authorised borrowing limit and capital expenditure plans.

The capital expenditure plans determine the borrowing need of the Council and the TM process essentially monitors the cash flow to ensure the Council can manage its capital spending obligations by adopting the borrowing strategy outlined within the TM strategy.

The outputs from the capital expenditure plans being reflected in Prudential Indicators, which are calculated to assess if capital expenditure plans are:

- Affordable e.g. the proportion of financing costs to net revenue stream

- Prudent and Sustainable e.g. implications of external borrowing and an assessment of borrowing costs and interest rate forecasts/expectations;
- Provided value for money, e.g. options appraisal;
- Ensure stewardship of assets, e.g. asset management planning;
- Meet service objectives, e.g. strategic planning for the authority;
- Are practical e.g. achievability of the forward plan.

Appendix 4 provides a definition of the key mandatory indicators required by both the CIPFA Prudential Code and the CIPFA Treasury Management Code. The indicators listed below are adopted to demonstrate that the Council Capital investment plans are prudent, affordable and sustainable as follows:

- Prudential Indicator : The Capital Expenditure Plans;
- Prudential Indicator : Capital Financing requirement (CFR);
- Prudential Indicator : CFR and limits to Borrowing activity;
- Prudential Indicator : Authorised Limits ;
- Prudential Indicator : Operational Boundary;
- Prudential Indicator : Proportion of Financing Costs to Net Financing Stream;
- TM Indicators: Interest Rate Exposures;
- TM Indicator: Maturity Structure of Borrowing;
- TM Indicator: Credit Risk.

In developing the Strategy linked closely to MTFP and determining affordability ,the Council must take into account the various statutory loans fund repayment options available for loans fund advances under the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. The Loans fund advance equals the amount of capital expenditure that the Council has determined will be financed by borrowing.

Accounting for loans fund advances changed from 1st April 2016. Prudent repayment of loans fund advances are required to be made in line with Scottish Government Statutory Guidance on Loans Fund Accounting (Circular 7/16)which came into force on 1/4/2018.

The broad aim of prudent repayment is to ensure that the Authority's capital expenditure is financed over a period of years which that expenditure is expected to provide a benefit and that each year's repayment amount is reasonably commensurate with the period and pattern of the benefits.

The actual and estimated prudential indicators and the Council policy on loan fund repayments and future commitments can be viewed within the TM Strategy and Prudential Indicators report presented annually to Committee and held within the Council's Minutes Reports and Agenda system (MARS) at northlan.gov.uk.

Future Steps

The Strategy will continue to be developed in light of recommendations in the Prudential Code issued in December 2017. In particular, consideration will be given to the following:

- Continuing to review alternative sources of finance, including an assessment of relative costs and risks to ensure maximum value for money;
- Continuing to look for opportunities for joint working with other councils, community planning partnerships and public bodies to improve the efficiency of their capital programmes;
- Extend the Strategy to other capital investment strands including Schools and Centres 21, Children & Young People, City Deal and the Community Investment Fund;
- Continuing to improve the quality of capital project and programme information to assess performance again cost estimates, timescales and achievement of benefits;

- Ensuring Services' investment proposals clearly set out the identification and assessment of risks for individual projects and the calculation of the associated potential costs prior to inclusion within future capital programmes;
- Developing a continuing programme of training for elected members on capital planning and investment;
- Ensuring that Services retain documentation on the progress of projects so that performance against plans can be tracked;
- Continuing to improve capital expenditure profiling to enable comparison of performance against milestones

Appendix 1

North Lanarkshire Council
Capital Bid Template

Prepared By:	Date:	Version

For guidance in completing the template, please refer to the Guidance Note distributed with the Capital Bid Template – for further information please contact:
Finance Capital Team, 01698 302867

Project Title/Theme:		Project Ref:	
Service:			
Estimated Cost/ Project Bid:			

PART A – CAPITAL PROJECT BID DETAILS

1. OBJECTIVES

a. *What is the aim of the project and scope/areas to be addressed?*

b. How would the project be classified?

Unavoidable Commitment	
Asset Management Plan Priority	
New Investment (Please also complete Part B – Council Key Priorities)	

c. *Provide background on the classification at b).*

2. OPTION APPRAISAL

Alternatives Considered
Provide details on alternative solutions to the current proposed capital bid

Do Nothing
Description of impact in the event the project is not progressed

3. BENEFIT ANALYSIS

Description of benefit	*Expected level of improvement and return period*	*Method of Measurement*	*Monitoring Timescale*

Where summary information is provided above, please provide further information below to assist capital bid assessment.

4. RISK ASSESSMENT

Description of Risk	*Type of Risk*	*Level of Risk (H, M, L)*		*Mitigation*	*Review Period*
		Likelihood	*Impact*		

5. FINANCIAL SUMMARY

Timescale

Estimated Start Date	
Estimated Completion Date	

		Phasing				
	Estimated	*Year 1 (18/19)*	*Year 2 (19/20)*	*Year 3 (20/21)*	*Year 4 (21/22)*	*Year 5 (22/23)*
Investment:						

Key Project Milestone	*Details*	*Target Achievement Date*	*Method of Measurement*

6. ADDITONAL INFORMATION

a. Provide further information to support the capital bid.

b. Has an Equality Impact Assessment been carried out?

Yes ☐

No ☐

c. Have sustainability issues been considered?

Yes ☐

No ☐

PART B – COUNCIL KEY PRIORITIES

For all New Investment, Services should provide detail using the attached template at Appendix A outlining how the project contributes the Council's priorities:

- Improve economic opportunities and outcomes;
- Support all children to realise their full potential;
- Improve the health, wellbeing and care of communities;
- Improve relationships with communities and the third sector; and
- Improve the Council's resource base.

These priority outcomes were approved in the 'Future Priorities of the Council and Delivery Model' report to Policy & Resources Committee (December 2015) and further developed in the North Lanarkshire Council Plan to 2020, outlining 26 sub-outcomes to assist delivery of the five priority outcomes.

Explain how the identified project contributes to the corporate priority outcomes below. These are the priority outcomes and sub-outcomes that were approved in the 'Future Priorities of the Council and Delivery Model' report to Policy & Resources Committee (December 2015) and subsequently updated in the North Lanarkshire Council Business Plan to 2020 report to Policy and Resources Committee (December 2016).Add text below each of the sub-outcomes.

Council Priority Outcome	Sub-Outcomes
1. Improved economic opportunities and outcomes	1. Provide access to high quality housing across all tenures:
	2. Improve economic outcomes for households that experience economic disadvantage:
	3. Improve local conditions and infrastructure to directly assist existing and new businesses to grow and create employment:
	4. Provide employment support to reduce unemployment and underemployment:
2. Supporting all children to realise their full potential	5. Improve outcomes for all children and young people and minimise the poverty related gap in attainment:
	6. Provide support to our children and young people, which is early, effective, based on need and delivered in partnership:
	7. Support our looked after children and young people to achieve their full potential:
	8. Maximise employment opportunities through our education provision:
3. Improving the health, wellbeing and care of communities	9. Reduce inequalities in health and access to support and care:
	10.Support more people to be able to look after their own health and wellbeing and self-manage health conditions:
	11. Enable more people to live independently at home or in a homely setting for as long as is safe to do so:
	12. Provide people choice and control over their support and care arrangements and where to spend the latter stage of life:
	13. Focus on prevention and early intervention of wellbeing and health conditions:
	14. Utilise the third sector to support people in accessing information, community assets, and low level supports:
	15. Create a North Lanarkshire based workforce who are trained and can choose a career in Social Care and Health:
4. Improving relationships with communities and the third sector	16. Support communities to do things for themselves with greater control over their own futures:
	17.Increase levels of community participation, engagement and volunteering:
	18. Enhance reputation and working relationships by how we have engaged with our communities:
	19. Develop and deliver services with communities and individuals:
	20. Increase levels of external funding awarded to third sector, charities and voluntary sector:
5. Improve the Council's resource base	21. Ensure our ALEOs and Trusts achieve value for money:
	22. Ensure our resources are targeted and applied to best effect where they are needed most:
	23. Rationalise our approach to managing resources across the council and external bodies in a systematic manner that includes communities, partners, and commercial enterprises in the solutions:
	24. Strengthen arrangements for delivery of capital projects
	25. Enable and upskill our workforce to be able to deliver the council's priorities and tackle any challenge:
	26. Adopt new approaches to income generation and maximise current income streams through more collaborative and efficient ways of working:

FORECAST CAPITAL FUNDING RESOURCES 2018/19 TO 2022/23 **Appendix 2**

The Composite 5 year Capital Programme 2018/19 to 2022/23 was developed based on the latest forecast estimates of available resources, including government grant, prudential borrowing and capital receipts.

5 year Capital Programme – Forecast Available Resources (£m)						
Resources	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Total**
General Capital Grant	29.763	37.268	30.000	30.000	30.000	157.031
Borrowing	6.000	3.000	3.000	3.000	3.000	18.000
Capital Receipts	5.125	4.525	4.125	3.375	3.216	20.366
Total	**40.888**	**44.793**	**37.125**	**36.375**	**36.216**	**195.397**

Total Forecast Funding for period 2018/19 to 2022/23	**195.397**
Allowance for Over-programming	**18.000**
Capital Programme Total	**213.397**

<u>General Capital Grant</u>

The Local Government Finance Settlement (LGFS) in December 2017 provided a 1 year settlement for 2018/19 resources and from 2019/20 onwards government grant has been estimated. Single year settlements reduce the reliability of potential resource forecasting methodology given the short-term nature of the Local Government Financial Settlement.

The General Capital Grant is forecast from 2019/20 onwards and includes a re-profiling of £7.268m 2016/17 capital grant due from Scottish Government in 2019/20 which was confirmed in December 2017.

<u>Specific Capital Grant</u>

The Council is forecast to receive £8.574m in specific grants which can only be spent on specific projects, in particular those that meet the aims of bringing vacant and derelict land back into operation and therefore these grants are not included in the composite capital programme. These types of capital projects are quite specific in nature and are managed and reported on a project specific basis.

<u>Capital Receipts</u>

Annual capital receipts are set at £3.216m - £5.125m over the course of the programme, resulting in forecast receipts of £20.366m. The capital receipts target is based on a number of projected sales targets in the coming years and is subject to change, dependent on market conditions, with composite capital receipts forecast as £15.686m and capital receipts in respect of the Council's proposed approach to sports pitches as £4.680m.

<u>Prudential Borrowing</u>

The Council's Long Term Financial Plan 2018/19 to 2022/23, approved by Policy and Resources Committee in September 2017, makes allowance for funding to support capital investment. Given the reduction in the general capital grant of £2.952m in 18/19, the Head of Business Financial Solutions has provided for borrowing of £6.000m to ensure the integrity of the 5-year capital programme.

In addition, borrowing of a further £3.000m per year from 2019/20 to support the remaining years of the 5-year capital programme has been provided for. Note that this borrowing requirement will be assessed annually, in conjunction with consideration and approval of the Council's revenue budget. Borrowing can be reprofiled across the five years to match expenditure and will provide flexibility within the programme, assisting in its overall delivery.

Overprogramming

An allowance for over-programming of £18.000m which equates to, approximately 10% of projected Scottish Government grant and composite capital receipts has been included. This allowance represents an unfunded element of the programme but has been included to assist with the management and delivery of the programme, in recognition that in year expenditure may be less than anticipated due to unavoidable delays in some large-scale capital projects. Hence, should services deliver the full programme over the 5 years, investment would exceed resources by £18.000m. To mitigate this risk, available resources will be kept under review through consideration of project underspends, revised capital grant estimates or, ultimately, borrowing.

Description/Service/Reference			Thematic Category	Theme Allocation
1. Condition Surveys	**Service :ALL**	**Ref : n/a**		
Condition Surveys are carried out for all buildings within the Council Estate as part of a rolling programme. The information from these surveys is then used for Asset Management and a variety of project development activities within the Corporate Estate. Greater knowledge of the current condition of the Council estate provides improved decision making identifying opportunities for future investment, reducing cyclical maintenance costs, energy consumption and carbon footprint. It also ensures legislative requirements to return information on Property Condition to the Scottish Government via Statutory Performance Indicators etc. are met.			**Unavoidable**	**13.567m**
2.Health & Safety	**Service : ALL**	**Ref : n/a**		
The Council has a commitment under Health & Safety at Work Act 1974 to ensure that the Council's property portfolio is safe and fit for its planned use. The Health & Safety allocation will ensure that issues identified can be addressed before causing an impact on Service delivery.			**Unavoidable**	**£0.815m**
3.Coatbridge Conservation Area Regeneration Scheme (CARS)	**Service : EHR**	**Ref : E&HR 4**		
In April 2015 the Council was successful in its bid to secure up to £800,000 of external grant funding from Historic Environment Scotland (HES) to implement a Conservation Area Regeneration Scheme (CARS) in Coatbridge. The project area lies in the traditional part of the town centre within the wider Blairhill and Dunbeth Conservation Area. The grant funding offered by HES is for schemes to repair and restore traditional buildings; restoration and repair of priority listed buildings; shopfront improvements; public realm works; education and training in relation to Conservation. The HES grant funding is available over a five year rolling programme until the end of March 2020. This funding represents match funding under the terms of the grant funding received.			**Unavoidable**	**£0.300m**
4. Antonine Wall	**Service : EHR**	**Ref : E&HR2**		
This funding will allow the Council to support a joint application for funding to develop and deliver a project entitled 'rediscovering the Antonine Wall'. The Antonine Wall is part of the wider UNESCO Frontiers of the Roman Empire World Heritage site. It is anticipated that, as well as improving the Council's relationship with the local communities, the project will have a positive impact on the visitor economy of the area.			**Unavoidable**	**£0.090m**
5. Libraries – Culture NL	**Service :EYC**	**Ref : EYC02**		
This capital funding is allocated across a range of library locations which includes the provision of an internal test/meeting Room in Coatbridge library, a re-wire of Motherwell library, a programme of works at Cumbernauld library and Condorrat library including re-wiring, heating, lighting, and windows. This will bring the libraries to a standard required for building standards, health & safety and improve energy efficiency.			**Unavoidable**	**£0.475m**

6. Museums Arts – Heritage Centre Air Conditioning Unit	**Service :EYC**	**Ref : EYC04**	
This funding is for the installation of a new air conditioning unit at the North Lanarkshire Heritage Centre in order to ensure sound collection management and to preserve records and collection items. The installation of the unit will also improve customer satisfaction by creating a more pleasant environment, particularly in the local studies area.		**Unavoidable**	**£0.100m**
7.Core Works – Education	**Service :EYC**	**Ref : EYC19**	
This funding ensures the completion of works already committed to from the previously approved 5 year capital plan. This includes a number of re-wire and roofing works, plus outdoor sports facilities and health and safety projects which are considered unavoidable for a number of primary and secondary schools.		**Unavoidable**	**£2.721m**
8. Street Lighting Infrastructure/ Carbon Reduction	**Service :Infrastructure**	**Ref : INF EA1**	
This project focuses on replacing columns and the cable network for the street lighting network. Mainly those parts that have been identified as being structurally unsound or are experiencing continual faults. It is predominately focused on ensuring the street lighting network is in a safe condition and does not pose a risk to the public. Good street lighting also contributes to road safety, crime prevention and the environment. The council does this by following guidance provided by relevant British and European Standards and that of the professional body involved with this work, the Institution of Lighting Professionals. There will be a reduction in street lighting faults and reactive repairs required to be undertaken.		**Unavoidable**	**£10.000m**
9. 7 Lochs Project	**Service : Infrastructure**	**Ref : INF EA 3**	
Investment in a refurbished and extended visitor centre at Drumpellier with heritage interpretation through 7 lochs including access and reserve improvements.		**Unavoidable**	**£0.378m**
10. Infrastructure Improvements to Land - Cemetery Works	**Service : Infrastructure**	**Ref : INF EA4**	
Investment to maintain land based environmental assets and create new assets in regards to cemetery provision including a programme of burial space creation and improvement across a number of geographical locations. This includes increased burial provision at Bedlay, New Monkland, Wishaw and Coltswood cemeteries. Burial of the dead is a statutory duty of the Council.		**Unavoidable**	**£0.800m**
11. Contaminated Land and Air Quality Monitoring	**Service : Infrastructure**	**Ref : INF RSWS 6**	
The Environmental Protection Act 1990 imposes a legal duty on local authorities to maintain a register of contaminated land sites and to manage and monitor local air quality standards. Capital monies enable investigatory work and monitoring to be effectively funded, allowing the Council to undertake its statutory duties and fulfil its legal obligations. These areas of work align with Council priorities in terms of regeneration of land and improving local air quality which are linked to communities' health and well-being.		**Unavoidable**	**£1.410m**

12. Infrastructure Improvements Roads (essential)	**Service : Infrastructure**	**Ref : INF EA6**	
This investment will ensure free and safe travel across the Council area whilst continuing to invest in our roads, at a level that prevents further deterioration across the Council area. This project involves upgrading existing assets to ensure that they remain in a safe and serviceable condition .Roads infrastructure is a vital element of modern society providing routes to work, study and health facilities. Roads carry gas, water, sewerage, electricity, telecommunications and digital technology. The results from annual surveys are used to develop a roads refurbishment programme to maintain the road condition index at a steady state and ensure funding is being directed to those areas most in need. This project also incorporates investment in roads, footways, footpaths and bridges at a level that prevents further deterioration across the Council area and includes the replacement of road signs, vehicle restraint systems and drainage and improving town centre parking and park and ride sites. Identifying and promoting individual road improvement schemes that contribute to reducing congestion, improving air quality and reducing accidents and casualties.		**Unavoidable**	**£31.000m**
13. Energy Efficiency	**Service : Infrastructure**	**Ref : INF CPPR 02**	
Capital funding will allow the implementation of energy efficiency measures in the Council estate reducing energy consumption resulting in cashable savings for the Council along with a reduction in the carbon footprint. Reduction in the Council's financial burden on energy consumption will also be realised. The installation of energy efficient equipment into the estate will result in reduced costs and carbon emissions. The installation of new technology will also reduce the maintenance requirements.		**Unavoidable**	**£3.900m**
14. Re-Roofing / Re-Wiring Contracts / Window Replacement	**Service : Infrastructure**	**Ref : INF CPPR 21,23,24**	
Ensures a programme is in place to replace or upgrade the roofs of Council properties and the existing wiring infrastructure, which in many cases is beyond its operational life, that have had investment identified, as part of updated Condition Surveys, as being required over the next 5 years. Better condition roofing results in greater energy efficiency, reducing bills and reducing carbon footprint and costs associated with cyclical maintenance in the Council estate. Electrical installation information obtained from Property Condition Surveys and electrical systems tests are aligned with strategic/ targeted investment requirements. This also includes plans to replace or upgrade ageing windows within Council properties that have had investment identified, from updated Condition Surveys, as being required over the next 5 years. Many of the current properties are ageing and as such so are their windows. They require investment to ensure Service delivery is maintained and not impacted on by unplanned closures and the buildings are as energy efficient as possible whilst also reducing cyclical maintenance costs in the Council estate ensuring the buildings are wind and watertight. Split as follows (CPPR21 Re-Wiring = £6.659m, CPPR23 Re-Roofing=£4.923m, CPPR24 Windows = £1.866m).		**Unavoidable**	**£13.448m**

15. Demolitions	**Service : Infrastructure**	**Ref : INF CPPR 03**	
These capital monies ensure that as buildings become surplus to operational requirements or dangerous there is funding available for these properties (if they are not to be sold) to be demolished, thus avoiding ongoing costs to the Council. Where possible surplus buildings are considered for sale on the open market, however whilst they are on sale there are still ongoing costs. Empty buildings become an eyesore and potentially dangerous to the local community.		**Unavoidable**	**£0.750m**
16. Asbestos Management	**Service : Infrastructure**	**Ref : INF CPPR 04**	
The Council has a statutory duty to manage, monitor and control asbestos within the Council estate. Failure to do so could result in litigation / risk to the Council.		**Unavoidable**	**£0.500m**
17. Boiler Upgrade & Replacement	**Service : Infrastructure**	**Ref : INF CPPR 22**	
Capital funding will enable boilers/ heating sources located within the non-domestic portfolio which are nearing the end of their economic life to be upgraded or replaced. Well maintained equipment provision ensures compliance with the appropriate legislation and reduces ongoing recurring costs for both maintenance and energy consumption. In addition with the installation of more efficient boilers, costs will be reduced as well as carbon emissions.		**Unavoidable**	**£3.493m**
18. Estates – Support of Capital Receipts	**Service : Infrastructure**	**Ref : INF CPPR 18**	
The project is to provide capital expenditure required in support of capital receipts. Viabilities and technical background reports support marketing of surplus assets and aid in providing sustainable bids that can be better managed within a capital receipts programme. In addition physical infrastructure improvements and studies, ahead of marketing/develops large strategic assets in the Council's control. This is targeted to support the delivery of both private and public sector housing within the Community Growth Areas.		**Unavoidable**	**£0.625m**
19. Communication and Digital	**Service :ALL**	**Ref : n/a**	
Investment in the underlying IT infrastructure for schools, bringing provision in schools to a standard which is capable of delivering the Council's priorities, minimises both operational and reputational risk, and introduces significant benefits through improvement of operational performance and functionality. IT solutions and the internet have become key mediums for content delivery of curriculum, and provision of key business functions operating over the IT network. This investment recognises Digital Learning and Teaching are fundamentals to a successful and modern method of "Teaching Scotland's Future ",ensuring that the underlying enabling architecture is both robust and sufficient to meet those demands now and for the foreseeable future.		**Key Ambition**	**£3.440m**

20. LAN Refresh	**Service :ALL**	**Ref : n/a**
To maintain the integrity of the service and support Scottish Governments Digital Learning and Teaching agenda, this hardware needs refreshed which should lead to reduced service outages. Existing LAN equipment within non-secondary education establishments is 12 years old. Equipment failures are common and there is a dwindling store of spares. Due to the unsupported nature the devices the risk profile of the Council is increased plus devices will have restricted feature functionality.	**Key Ambition**	**£1.200m**
21. Mobile/Agile / Flexible Working	**Service :ALL**	**Ref : n/a**
This investment will deliver efficiencies and productivity gains by introducing new ways of working within Health & Social Care. New work style models being developed along with associated policies & procedures, accommodation models, tools and infrastructure. Service specific mobile and flexible technologies will be co-ordinated and funded under the programme.	**Key Ambition**	**£0.900m**
22. Our Ambition – Regeneration & Town Centres	**Service :HER**	**Ref : E&HR 1**
This investment will support the Council to achieve its ambition for the future of its town centres creating modern, vibrant communities where people live, work and socialise, transforming town centres centred around the four core interconnected themes of housing regeneration, town centre transformation, business and industry and infrastructure development. At the heart of the entire programme, is the ambition to deliver inclusive growth. New locations, including vacant and derelict retail sites, will be identified to speed up the construction of new Council homes. The Council will also work with businesses and investors to redevelop existing retail space, to help create multi-use spaces, such as incubator hubs for business start-ups that are more relevant to our future economy. Work will continue to progress the reinvigoration of North Lanarkshire town centres, including coming up with creative ways to generate a regular evening economy and diversify outdoor, retail and industrial spaces.	**Key Ambition**	**£32.750m**
23. Additional Support Needs (ASN)	**Service :EYC**	**Ref : EYC 15**
There is a significant increase in the number of pupils with additional support needs including language and communication e.g. ASD across the Authority. The Education (Additional Support for Learning) (Scotland) Act 2004, places a duty on LA to meet the additional support needs of children. The basic premise of all the projects contained within this bid is to create an ASN estate that is fit for purpose and will enable the service to deliver a Curriculum for the 21st century. This will be achieved in part by rationalising the Secondary SEBN estate and creating additional LCSC services to meet the growing demand providing the catalyst to a more focussed, coordinated and appropriate delivery of additional support needs across the Authority.	**Key Ambition**	**£3.500m**

24. Curriculum Development	**Service :EYC**	**Ref : EYC 16**	
The upgrading and refurbishment of curricular areas within secondary establishments to enhance both the facilities and the curriculum for all pupils attending these secondary schools. This includes vocational education to enhance both the facilities and the vocational curriculum for all pupils attending these secondary schools. If these upgrades are not undertaken, it is likely that the children's curriculum will be affected as these schools will not be able to offer the full curriculum and vocational experience.	**Key Ambition**	**£10.082m**	
25.Sports Pitch Provision - NLL Ltd & & NLC Schools Estate	**Service :EYC**	**Ref : EYC 10&12**	
To provide a sustainable asset plan for the leisure estate to ensure the condition and suitability of sports pitch facilities meet legislative requirements and are fit for purpose to enable NLL to meet its strategic objectives and performance, financial, quality and service indicators and targets as agreed with NLC. Ensure continuation of the upgrading programme of sports pitches across the NLC School estate to ensure provision of outdoor physical education to take place regardless of weather conditions. Split as follows (EYC10 - £2.380m, EYC12 - £2.300m)	**Key Ambition**	**£4.680m**	
26. Integrated Equipment & Adaptation Service (IEAS)	**Service :H&SC**	**Ref : IJB 5**	
Equipment and adaptation provision supports the whole spectrum of need for the individuals living in North Lanarkshire. From prevention and early intervention to end of life care equipment and adaptations play a vital role in supporting people, who often have very complex needs. Equipment and adaptations help us to support people to be independent, assists with the implementation of re-ablement, and facilitates early discharge from hospital while preventing admission to hospital. It has assisted the North Lanarkshire partnership to support a higher proportion of older people in their own homes, a key aspiration of the Scottish Government's Reshaping Care for Older People policy	**Key Ambition**	**£11.000m**	
27. Asset Management Planning Transformation	**Service : Infrastructure**	**Ref : INF CPPR 19**	
This capital funding will be used to develop the Council's property portfolio following the implementation of an Asset Management challenge and review framework and will enable investment in properties following recommendations being ratified by Committee. The type of investment may include upgrades to larger properties to allow smaller properties / services to co-habit and also demolition of closed properties. An improved Asset Management Framework will provide opportunities for Service enhancement/ integration and financial savings that will be generated from the rationalisation of our asset base. This is likely to result in building closures, with the capital allocation used to upgrade the facilities that the Council plan to retain following the review of the assets to allow other Service's to integrate into them. The asset management framework will use core fact data alongside operational information from all Services to make recommendations where Services could be integrated into other properties to realise financial savings.	**Key Ambition**	**£5.000m**	

28. Digitisation	**Service : Infrastructure**	**Ref : n/a**	
This investment will allow the Council to be at the forefront of digital service delivery, fundamentally changing how services are delivered and experienced. It will support the Council's digital vision to become one of Scotland's digital pioneers, using digital platforms to reduce demand and provide personalised services to customers, whereby personal contact is reduced in favour of digitised services including addressing digital exclusion. The Council will be highly networked with other organisations and be innovative, with a deeper toolbox for problem solving, with staff focusing on higher value analytics not routine administration. The Council's technology workforce and public space being flexible and adaptable to change, offering incentives to attract and retaining the talent needed.		**Key Ambition**	**£12.500m**
29 Capitalisation of Fleet Purchases	**Service : Infrastructure**	**Ref : INF RSWS 1**	
The objective of this project would be to contribute towards revenue savings if a cost benefit exercise determines the purchase of vehicles via the capital regime would be more cost effective than the traditional operational lease approach through revenue. Where this is the case then the vehicles would be purchased through capital funding to achieve Best Value and meet Council Standing Orders, the Council will not only comply with its legal duty but it will also free up revenue funding for the Council.		**Revenue Savings**	**£12.887m**
30. Renewal of Building Cleaning & Catering Equipment	**Service : Infrastructure**	**Ref : INF CPPR 7 & 8**	
This ensures a programme in place to replace obsolete building cleaning and catering equipment and update /replace old equipment that is becoming beyond economical use.Building cleaning equipment is vital to ensure that cleaning and catering operations for 1800 staff are being effectively and efficiently undertaken using equipment fit for purpose. Split as follows (CPPR7 = £0.3m, CPPR8=£0.3m).		**Revenue Savings**	**£0.600m**
31. Plant Machinery & Vehicles	**Service : Infrastructure**	**Ref : INF RSWS 3**	
The purchase of new plant, machinery and vehicles across the Service including Fleet workshop upgrade, land management, country parks and woodland management and Waste HWRC sites.		**Revenue Savings**	**£4.263m**
32. Health & Safety - NLL	**Service :EYC**	**Ref : EYC09**	
To provide a sustainable asset plan for the leisure estate, to ensure the specific health and safety improvements are addressed to meet legislative requirements and are fit for purpose. This will enable NLL to meet its strategic objectives and performance, financial, quality and service indicators and targets as agreed with NLC and also aligned to contribute to NLC priorities within a Best Value approach.		**Statutory Obligation**	**£1.379m**

33. Community Facilities: Fire Safety	**Service :EYC**	**Ref : EYC01**	
To enable the community estate to maintain and replace CCTV, Fire, Intruder and Door entry systems to ensure compliance with fire safety legislation and precautions, health and safety in the workplace legislation, care commission regulations, thus ensuring the safety and wellbeing of employees, partners and community group organisations.		**Statutory Obligation**	**£0.250m**
34. Disability Access DDA	**Service : Infrastructure**	**Ref : INF CPPR 01**	
To improve access for disabilities of all types to all North Lanarkshire Council corporate properties where there is public access. The Council has a statutory duty to make "reasonable adjustments" to provide access to Council facilities under the Disability Discrimination Act 1995 as amended by the Equalities Act 2010. Condition Surveys have been carried out on the property portfolio and these surveys have highlighted a number of areas that require investment to ensure that accessibility into Council properties are improved.		**Statutory Obligation**	**£0.450m**
35. Kilbowie – Outdoor Centre	**Service :EYC**	**Ref : EYC18**	
This investment will allow the continuation of the internal refurbishment within the Centre, including the toilet/shower areas and the changing/drying rooms. This will ensure the facility is fit for purpose and complement the recent significant investment to ensure the building is wind and watertight.		**Building Asset Expenditure**	**£0.185m**
36. Major Maintenance – NLL Ltd	**Service :EYC**	**Ref : EYC04**	
Condition surveys have been carried out on major plant, building operating systems and integrity of infrastructure. This investment relates to improvement works to render facilities fit for purposes, maintain suitable and safe environmental conditions for planned activities and provide sustainability of plant and integrity of infrastructure. This will prolong economic working life of assets and reduce maintenance costs for NLL Ltd.		**Building Asset Expenditure**	**£0.714m**
37. Estates Groundworks and Investigations	**Service : Infrastructure**	**Ref : MAR/Receipts**	
This investment will support ground investigation and technical reports considering viability to support marketing of surplus assets and aid in providing sustainable bids enabling a better managed capital receipts programme.		**Building Asset Expenditure**	**£0.325m**
38.Sustainable School Estate	**Service :EYC**	**Ref : EYC14**	
The classification of this investment is additional infrastructure at 'existing assets' (namely primary schools). This is to ensure catchment pupils can attend their local school. If not undertaken, it is likely that these schools will not be able to offer the full curriculum experience and/or accept all catchment pupils over the next five years and beyond. Failure to accept catchment pupils has significant reputational issues and would incur additional costs through the requirement to transport pupils. This would therefore have a significant impact on both service provision and service delivery. Required infrastructure (and need for requested additional infrastructure) has been assessed against Scottish Government guidelines, issued in October 2014.		**Building Asset Expenditure**	**£2.490m**

39. Floor Coverings & Decoration	**Service : Infrastructure**	**Ref : INF CPPR 10**	
Within the existing estate, the current decor and floor coverings are old and require a refurbishment. The upgrading of these elements, particularly in schools, will ensure that they remain suitable and fit for purpose in years to come. Well maintained properties ensure compliance with the appropriate legislation and assists with Environmental Health Officer audits and Health and Community Care Partnership requirements.		**Building Asset Expenditure**	**£1.654m**
40. Office Accommodation – Refurbishment	**Service :H&SC / Infrastructure**	**Ref :CPPR 15**	
Refurbishment and upgrade of the main office facilities across the authority to ensure that their ongoing and future usage is at the optimum level. This investment will also enable smaller less well used offices to be closed, ultimately generating financial savings for the Council. The priority being to maintain and provide up to date facilities to ensure efficiencies in provision of local government services by its staff to the general public. Spilt as follows (**H&SC / Infrastructure)**		**Building Asset Expenditure**	**£2.164m**
41.Toilet Refurbishments	**Service : Infrastructure**	**Ref : INF CPPR 11**	
This ensures a programme in place to replace toilets in 4-5 schools per annum to ensure the environment in schools is inviting and pleasant. Many of the current toilets areas are old and require a refurbishment. The upgrading of toilets, particularly in schools, will ensure that they remain suitable and fit for purpose in years to come. Well maintained equipment provision ensures compliance with the appropriate legislation and assists with Environmental Health Officer audits and Health and Community Care Partnership requirements		**Building Asset Expenditure**	**£0.620m**
42. Refurbishment of Dining Counter Servery Areas.	**Service : Infrastructure**	**Ref : INF CPPR 08**	
The aim of the project is to have a programme in place to replace 3 dining room counter servery areas, to ensure the environment in which children are eating their lunches is inviting and pleasant. This is the main focal point of school meals and requires to be inviting to encourage children to come along for school lunches. The main aim of the refurbishments is to maximise school meal uptake whilst ensuring an efficient service and turnaround time to reduce the waiting time for pupils for their school meals.		**Building Asset Expenditure**	**£0.155m**
43. Environmental Assets: Building Improvements	**Service : Infrastructure**	**Ref : INF CPPR 17**	
The purpose of this project is to undertake a range of improvements to existing properties and new facilities including improvements to Environmental Asset maintenance of operational buildings, the improvement of public toilets and the welfare facilities within cemeteries; and the construction of new pandemic influenza body holding facilities.		**Building Asset Expenditure**	**£0.790M**

44. Civic Centre – Refurbishment	**Service : Infrastructure**	**Ref : INF CPPR 13**	
The aim of the project is to have a programme of investment in place to upgrade the remaining areas of the Civic Centre in line with ASPIRE objectives.The upgrades will ensure the use of the office space is as efficient as possible, resulting in the opportunity for other properties to be closed (thus realising financial savings). In addition the main reception and civic areas will be upgraded in line with the requirements of a Council Headquarters building.	**Building Asset Expenditure**	**£2.075m**	
45.Infrastructure Improvements Roads	**Service : Infrastructure**	**Ref : INF EA 5**	
This planned investment will compliments the essential infrastructure improvements within the investment programme ensuring free and safe travel across the Council area whilst continuing to invest in our roads, at a level that prevents further deterioration across the Council area. This project involves upgrading existing assets to ensure that they remain in a safe and serviceable condition and includes traffic management safety, bridgeworks and one-off special projects where match funding may be available from external sources.	**Road Asset Expenditure**	**£7.028m**	
46. Other Infrastructure Health & Wellbeing projects (parks woodlands and local nature reserves)	**Service : Infrastructure**	**Ref : INF EA 3A**	
To deliver health and wellbeing interventions across the environmental assets green and road estate. It builds on work to Improve community access to green infrastructure, to increase the path network and increase opportunities for exercise and play in greenspace including community growing. It includes a number of community focussed projects in parks woodlands and local nature reserves where external funding will also be sought to increase the scope of the project.	**Road Asset Expenditure**	**£0.347m**	
47. Other Infrastructure Health & Wellbeing projects (walking, cycling network, sustainable travel)	**Service : Infrastructure**	**Ref : INF EA 3B**	
To deliver health and wellbeing interventions across the environmental assets green and road estate. It builds on work to increase the use of walking and cycling network and to increase sustainable travel undertaking studies and implement actions around trains, bus stations and town centres.	**Road Asset Expenditure**	**£1.240m**	
48. Infrastructure Improvements to Land – Other	**Service : Infrastructure**	**Ref : INF EA 4**	
This project includes a range of projects to maintain land based Environmental Assets and create new assets in regard to infrastructure and drainage repairs to Parks and open spaces and improvements to Country Parks plus Flood risk Management work required under our Flood risk management duty.	**Road Asset Expenditure**	**£4.357m**	

Summary of Prudential and Treasury Management Indicators

1. Prudential Indicator: The Capital Expenditure Plans

The Prudential Code requires the Council to outline its capital expenditure plans taking into account the sources of funding available and also the cost to the Council in supporting any additional borrowing burden which will require to be paid for from the Council's own resources. The Government has power to control the level of prudential borrowing although no control has yet been implemented.

2. Prudential Indicator: Capital Financing Requirement (CFR)

The CFR is essentially a measure of Council's underlying borrowing need i.e. capital expenditure which is not resourced by capital grants, receipts or CFCR and any new borrowing will increase the CFR. The CFR includes long term liabilities representing outstanding leasing obligations and PPP's.

3. Prudential Indicator: Limits to Borrowing Activity

To ensure the Council operates its activities within well-defined limits it needs to ensure that it's total borrowing net of any investments, does not, except in the short-term, exceed the total of the CFR in the preceding year and the next two financial years.

4. Prudential Indicator: The Authorised Limit for External Debt.

This represents the maximum limit beyond which borrowing is prohibited. Although this limit is deemed to be affordable in the short-term, it is not desirable or a sustainable level of borrowing for the Council. This is the Affordable Borrowing Limit required under the Local Government (Scotland) Act 2003.

5. Prudential Indicator: The Operational Boundary for External Debt.

This indicator is based on the expected maximum external debt during the course of the year; it is not a limit. This operational boundary allows flexibility to borrow, re-invest and undertake debt restructuring during the course of the year. It is therefore possible and acceptable, for actual borrowing to vary around this boundary for short periods during the year.

6. Prudential Indicator: Affordability: Proportion of Financing Costs to Net Revenue Stream.

Within the prudential framework, prudential indicators are required to assess the affordability of the capital investment plans, providing an indication of the impact of the capital investment plans on the overall Council finances. Since capital expenditure impacts on the revenue budget through financing charges, the Council needs to ensure that financing costs not only remain affordable, but also do not constitute an excessive proportion of the revenue resources available.

7. Treasury Management Indicators: Interest Rate Exposures

The Treasury Management Code requires the Council to set limits regarding its maximum exposure to both fixed and variable interest rates, requiring the containment of Treasury activity within these self-determined upper limits. The Code requires authorities to set limits that manage risk and reduce the impact of an adverse movement in interest rates, primarily on variable rate loans.

8. Treasury Management Indicator: Maturity Structure of Borrowing

The Treasury Management Code requires the Council to specify upper and lower limits regarding the maturity structure of its fixed rate borrowing in order to minimise the risk associated with the Council having to replace large sums of fixed rate debt at a time when there may be uncertainty over interest rate exposure.

9. Treasury Management Indicator: Credit Risk

The Council will manage its credit risk by implementing the approved investment strategy.