

General Services Capital Plan Process



ABERDEEN
CITY COUNCIL

Background and Introduction:

The purpose of this Guidance Manual is to set out the Council's approach to improved capital planning, and to ensure the system of approving the Capital programme is robust and fair, and is seen to be such across the organisation. It is designed to assist officers in the preparation of successful capital bids which can be incorporated in the Capital Programme, and the Manual should be treated both as a working document and a reference document in the Capital Programme process.

This document will be updated as appropriate to reflect changes in the structures and processes within the Council.

Capital investment decisions are made within the corporate decision making framework, and it is important that the processes outlined in this Manual are:

- Clear
- Open and transparent
- Understood
- Fair
- Not overly bureaucratic

The Capital Programme flows from a range of strategic documents. These strategic documents include:

- Single Outcome Agreement
- Strategic Priorities for the North East
- The Community Plan
- Council Policy (Vibrant, Dynamic and Forward Looking)
- Continuous Improvement/Best Value Plan
- Community of Interest Plans
- The Neighbourhood Community Action Plans (NCAP)
- Service Plans
- The Capital Strategy
- The Asset Management Plan (AMP)
- The Medium Term Financial Plan
- The Corporate ICT Strategy
- Aberdeen City Council Regeneration Strategy

The Council's new Single Outcome Agreement contains an aspiration that people who live and work in Aberdeen will:

- Be well informed and actively supported to achieve their full potential
- Acknowledge, and act on, their shared responsibility to shape the City's future
- Support and celebrate cultural diversity, and share a commitment to social justice
- Have access to services of a high quality that meet their needs

so that Aberdeen will be a City with a strong, vibrant local democracy and a sense of civic pride.

To deliver the vision for the City there is a focus on key priorities that have been shaped around:

- The national outcomes set out in the Single Outcome Agreement
- Partnership Agreement 'Vibrant, Dynamic and Forward Looking'
- Corporate Improvement Plan
- The constant desire to provide efficient, effective and joined up public resources.

The Corporate Improvement Plan identifies six priorities'

- Effectively Manage the Councils Financial Resources and Assets
- Deliver efficient, effective, responsive and accessible services
- Managing People
- Communication
- Responding to Internal Audits and Inspections
- Improving Capability, Accountability and Performance

In effectively managing the Council's financial resources and assets it has further been identified that the aim is to produce a coherent balanced budget which is realistic and reflects the Council's priorities and encourages the efficient and effective use of the Council's resources.

When preparing a bid for the Capital Programme, officers should be able to evidence that all of the strategic documents mentioned above have been fully taken into account. It is essential that it can be evidenced that the Council's Financial Regulations and Standing Orders are adhered to at all times, and if in doubt, help and advice can be obtained from staff within the Office of City Chamberlain, City Solicitor and Head of Democratic Services.

As part of the preparation of a Capital Programme bid, officers must prepare a business case, including an options appraisal which is suitable to the size and scale of the proposal. Guidance on how to prepare a business case and options appraisal is included in sections 2 and 3 of this Manual.

This Guidance Manual provides a practical approach to Capital Prioritisation and practical guidance for officers to follow in the preparation of capital bids. It is divided into three separate sections;

Section 1 – a general guide to capital financing, the Capital Programme and a system of capital prioritisation.

Section 2 – a step by step user guide for Services to prepare and submit a bid for a capital scheme / project to be assessed by the Corporate Assets Group, Corporate Management Team and Elected Members.

Section 3 – Terms of Reference for the Corporate Assets Group forms and report templates to be used in the capital prioritisation process, together with the timetable for the annual update of the 3 to 5 year Capital Programme,

submission of in-year bids, monitoring, closure and reporting to Elected Members.

Section 1 - Capital Financing

1.1 Strategic Context

1.1.1 The Capital Programme is an important part of the Council's planning processes. The Council is committed to achieving Best Value providing essential services to the community. This will require capital investment to:

- Support and improve existing services
- Maintain and improve the city's infrastructure
- Maintain and develop the Council's assets
- Introduce new services and new ways of working
- Streamline office and support services
- Invest in new technology
- Compliment and enhance other public sector investment

1.1.2 It is important that the Council's limited capital resources are directed towards the Council's corporate objectives. There is a need to balance the Capital and Revenue requirements of the Council, and differentiate between ongoing maintenance (generally revenue) and one off larger repairs and renewals schemes (generally capital). If the Council decides to keep operational buildings within their ownership, sufficient resources should be allocated to maintain these building in good order, meeting all current Health and Safety regulations and fully compliant with the Disability Discrimination Act 1995 (DDA).

1.1.3 The Capital Programme Guidance Manual reflects the Council's determination to improve capital planning and to ensure that the system of approving capital schemes within the Capital Programme is rational, fair and is seen to be such across the Council and our Partners across the community whom we serve and is fully aligned to our strategic priorities.

1.2 Financial Management Framework

1.2.1 Officers are required to comply with the Council's Regulatory Framework and Financial Regulations. When preparing a bid for inclusion in the Capital Programme, officers should consult the Council's Monitoring Officer - Office of City Solicitor for advice as and when necessary.

1.2.2 No capital scheme will be considered by the Council without first going through the formal prioritisation process and the full financial implications, considering both capital and revenue.

1.2.3 Should an emergency project arise that has not previously been included in the prioritisation process this should still be formerly

assessed through the process to ensure that it is affordable and assists in delivering the Council's vision and key priorities.

1.2.4 The approach to a 'rolling' capital programme is covered further in Section 2 and 3 of this Manual.

1.2.5 The overall capital resources available to fund the Capital Programme are identified in the Council's annual Capital Strategy and Medium Term Financial Plan.

1.3 The Prudential Code

1.3.1 The Local Government Act 2003 introduced the Prudential Code with effect from April 2004. The Code provides a more flexible approach for capital financing, and the main objectives of the Code are:

- Capital expenditure plans must be **affordable**
- Capital expenditure must be within **prudent** and **sustainable** levels
- Treasury management decisions must be taken in accordance with professional good practice.

1.3.2 The Council must pay full regard to the Prudential Code and the Prudential Indicators agreed by the Council on an annual basis. Aberdeen City Council's Prudential Indicators are contained in the Medium Term Financial Plan.

1.3.3 It should be noted that the ability to utilise capital expenditure, while it provides the flexibility to draw on other funds, it also has a direct impact on the revenue account as the borrowing must be repaid. Capital Investment may also incur additional costs through the operation of the assets acquired.

1.4 Asset Management Plan

1.4.1 The Local Government in Scotland Act 2003 (the 2003 Act) sets out the Council's obligations in terms of asset management. Five provisions in the 2003 Act are directly relevant to the issue of asset management, which are:

(a) the duty to make arrangements which secure Best Value (section 1);

(b) guidance on the characteristics of an authority which secures Best Value (section 2);

(c) the function of determining and keeping under review the amount to allocate to capital expenditure, also known as the prudential capital regime (section 35);

(d) the power to enter into agreements for the construction or maintenance by the authority of buildings and works (section 9);

(e) changes to the power to dispose of land for less than full value (section 11).

The duty of Best Value applies to everything the authority does. Guidance issued under s2 of the 2003 Act makes it clear that a local authority which secures Best Value will be able to demonstrate sound management of resources, including the asset base (see paragraph 5 of Chapter One and paragraphs 7 and 8 of Chapter Four of the guidance on Best Value issued under s2(1)(b) of the Act by the Best Value Task Force).

1.4.2 Best Value requires that a Council matches its assets (including: infrastructure, land, property, vehicles, plant, equipment, materials, information and communications technology), to its objectives in terms of suitability and sustainability, and supports this with appropriate asset management. It also requires that the Council ensures that fixed assets are managed efficiently and effectively, and takes account of factors such as availability, accessibility, utilisation, cost, condition and depreciation.

1.4.3 Importantly, and in addition to the above, in designing our approach to asset management within Aberdeen, in order to deliver out Strategic Priorities, we have identified 5 overarching asset aims and objectives that will seek to ensure that the Council's assets are fit for purpose within the current budgetary restraints.

- Assets must meet the needs of those that use them. This includes staff, members, visitors, customers and the general public, people with disabilities or special needs and other minority groups. This means creating a comfortable and accessible environment that makes a positive contribution to the use to which the asset is put. It also means asking people what they think about our property assets and responding to their needs.
- Asset must be economically sustainable. This means keeping running costs down, prioritising capital spending, proper option appraisal incorporating whole life costing and assessing opportunity costs.
- Assets must be safe and comply with current legal requirements and future requirements.
- Assets must make a strategic impact. Ensuring that our property decisions are linked to decisions on other Council resources (staff, IT, finance) and that asset management contributes to our strategic priorities and challenges.
- Assets must be environmentally sustainable. Monitoring and reducing energy consumption and CO2 emissions, ensuring that asset decisions take into account both local and global environment and make a positive contribution to a sustainable community.

1.4.4 To improve the integration of performance and resource planning, the Asset Management Plan and the Capital Strategy should form part of both the Council's financial planning process and ultimately its Service Delivery and Improvement process.

1.5 Capital Financing

1.5.1 The Capital Programme can be funded from a range of capital sources, as follows:

- Capital Receipts
- Borrowing
- Leasing – finance / operating
- Government Grant
- Other Grants
- Section 75 planning gain
- PFI / PPP
- Revenue Contributions
- Capital Fund

1.5.2 As part of the Capital prioritisation process, suitably qualified staff within the Office of City Chamberlain will undertake the financial appraisal, including the identification of the appropriate method of funding. The final funding decision rests with the City Chamberlain. Further guidance is provided in Section 2 and 3 of this Manual.

1.6 Options Appraisal

1.6.1 When a capital scheme bid is prepared, it is essential that the proposed scheme meets the criteria outlined in the Asset Management Plan and the Capital Strategy, and that all options available to the Council have been explored. Proposals should not automatically assume capital investment in new buildings and equipment, alternative options must always be explored through a rigorous and robust options appraisal. At times, doing nothing may be the best option.

1.6.2 It is particularly important to explore partnership options available to the Council, and existing and potential partners should be consulted at an early stage. It may be possible to identify options that could bring services together, promoting closer working relationships and reduced costs to all parties involved.

1.6.3 If appropriate, existing use of the Council's operational buildings should be explored to establish if there is scope to develop such buildings rather than build new, or alternatively, to vacant rented property in favour of buildings already in the Council's ownership.

1.6.4 External funding opportunities should be explored, to establish if funding such as government, lottery or European grants are available. The use of the Council's own capital resources should only be applied as a last resort.

1.6.5 An appropriate options appraisal is required as part of the Capital Programme prioritisation process and this is covered in Section 3 of this Manual.

1.7 Invest to Save

1.7.1 In broad terms, an Invest to Save scheme is where the borrowing for an investment in a new asset is financed by future savings and / or future income generation. These schemes must have a maximum payback period of three years (in certain instances this may be longer), and officers must ensure all relevant costs are met. The process for submitting and monitoring an Invest to Save scheme is illustrated in Section 2 and 3 of this Manual, and appropriate staff within the Office of City Chamberlain will assist in the preparation of such bids.

1.8 The Corporate Assessment Process

1.8.1 The Capital Programme and the related processes are important elements of the Council's overall financial framework. Capital resources are scarce, and it is essential that a robust system is in place to allocate these resources to meet the Council's priorities, in a process which is clear, transparent and fair.

1.8.2 Each scheme or project proposed for inclusion in the Capital Programme should already have been identified as a priority within the individual Service Plans and therefore have the agreement of the Director.

1.8.3 Each Service should commence preparation of the proposed schemes during May of each year, and submit the proposed schemes to the Corporate Asset Group.

1.8.4 The service representative on the Corporate Asset Group will be responsible for keeping the Corporate Asset Group appraised if the project is no longer able to progress or of any significant issues that may have arisen.

1.8.5 The following terms of reference have been agreed for the Corporate Asset Group

- Developing, reviewing and updating the Corporate Asset Management Plan and Service Asset Management Plans.
- To translate Service implications from Corporate Aims, Transformation Programmes and Service Plans into the AMP process to ensure the development of Service Asset management Plans and a Corporate Asset management Plan
- Monitoring attainment of Service outputs
- Defining the property review programme, the parameters for each review and making recommendations on the outcomes.
- To produce annual out-turn Reports which include Performance indicators and benchmarking for a range of property projects and programmes to the Resources management Committee.

- To assist in the preparation of annual property reports, with appropriate recommendations to the Finance and Resources Committee.
- Assist in advising on the prioritisation of capital projects to now include:-
 - Initial review of the proposed scheme and sources of finance for each scheme;
 - Priority re-scoring of Capital Bids
 - Approval or rejection of Capital Bids where the criteria is not met;
 - Timescales for the preparation of reports to members;
 - Consultation on the preparation of reports to members;
 - Review proposed new emergency in year schemes, and make recommendations to the Corporate Management Team and Council for the inclusion of such new schemes in the Capital programme
 - Review and challenge slippage and variance in the Capital Programme
 - Review closure and outcomes of completed capital schemes, and to prepare and present regular reports to the Corporate Management Team and elected members as appropriate;
- To present the Corporate Property Asset Management Plan and other appropriate issues to the Finance and Resources Committee for consideration.
- Identifying and promoting multi-use of buildings, home working, hot desking and other space saving initiatives with a view to reducing property costs associated with service delivery including joint initiatives with other public sector partners.
- Obtaining feedback from projects/stakeholders and the AMP process to facilitate continuous improvement.
- Raising the profile of Asset Management and associated good practice.

1.8.6 Detailed management and monitoring of the capital programme will be the responsibility of appropriate staff within Enterprise Planning and Infrastructure this is to include:

- Monthly progress of each scheme, with comments relating to expenditure to date, anticipated completion date and projected outturn position to be provided to the City Chamberlain;
- Review closure and outcomes of completed capital schemes;
- Quarterly monitoring of expenditure of all capital schemes within the Capital Programme, and the preparation of quarterly update reports to the Corporate Management Team and elected members;
- Review of proposed new emergency in-year schemes, and make recommendations to the Corporate Asset Group for the inclusion of such schemes in the programme

- In conjunction with the City Chamberlain a detailed review the appropriate source of finance for each scheme;
- Review and challenge slippage and variances in the Capital Programme;
- Review closure and outcomes of completed capital schemes, and to prepare and present regular reports to the Corporate Management Team and elected members as appropriate;

1.9 **Capital Prioritisation**

1.9.1 In this Manual it is intended to set out a process which is:-

- Clear;
- Open and transparent;
- Understood;
- Fair;
- Not overly bureaucratic;
- Allows projects to be compared against accepted criteria.

This will produce a draft Capital Programme for recommendation to the Corporate Management Team and subsequently to members for consideration, with confidence that each scheme has undergone a robust assessment, and meets the Council's strategic objectives within the agreed framework and helps deliver Service Plan targets.

1.9.2 An additional sum will also be set aside within the Capital Programme to enable the Services the flexibility to progress small one-off schemes up to a de minimus value to be determined annually by the Finance & Resources Committee. These small schemes will already have been identified as a priority within the Services Asset Management Plans and Services will need to prepare a brief business case, which should be submitted to the Team within the Enterprise, Planning and Infrastructure, with a justification for the scheme and the importance of it to the Service and corporate priorities.

1.9.3 The team within Enterprise, Planning and Infrastructure in conjunction with the City Chamberlain will prioritise the submitted schemes within the overall resources available, and report approved schemes and progress to the Corporate Asset Group quarterly to ensure that an overview of capital spending, as a whole, is rigorously maintained.

1.10 **Revenue Consequences**

1.10.1 Most Capital Projects have implications on the annual Revenue Budget. The revenue implications can take a variety of forms, and staff within the Office of City Chamberlain should be consulted when assessing the revenue impact, see (Property Proposal Initiation Pro-forma). Revenue implications include:-

- Capital charges;

- Interest charges;
- Loss of investment income;
- Annual and on-going revenue (operating) costs of the scheme or project;
- Income generated from the scheme or project.

1.10.2 The relevant revenue costs should be incorporated in the Medium Term Budget Strategy, and Service Plans, at the appropriate time for future years. Additional revenue costs relating to in-year bids should be absorbed within existing budgets.

1.11 Whole Life Costing (WLC)

1.11.1 The Prudential Code promotes the whole life costing approach, where all relevant costs associated with the acquisition and ownership of an asset are taken into account. Future costs are discounted to a present day value.

1.11.2 WLC can be used as an aid to the investment decision making process, and can help to ensure that major capital investments are optimised. For instance, it can be used to decide whether a potentially higher capital cost of a project is justified by lower maintenance or operating costs.

1.11.3 To ensure value for money is achieved, projects should disclose cost and income over the full life of the scheme or project. It is the relationship between long term costs and benefits achieved by the Council that represents value for money. WLC requires the calculation of *the long term costs of the scheme including consultancy, design and construction costs and equipment, the costs of operating it, and the costs of maintaining it over its whole life through to its disposal – that is the total ownership costs. These costs include internal resources and departmental overheads, where relevant, they also include risk allowances as required; flexibility (predicted alterations for known changes in business requirements, for example) refurbishment costs and the costs relating to sustainability and health and safety aspects.**

** Guidance issued by the Office for Government Commerce (OGC).*

The hyperlinks to the OGC web site along with the Achieving Excellence documents file link are as follows:

<http://www.ogc.gov.uk>

http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/achievingexcellence/ae7.pdf

1.11.4 Officers should assess and determine what happens when a new asset reaches the end of its projected useful life, i.e.

- Disposal;

- Reinvestment;
- Re-let.
- Demolition

1.11.5 The 'end of life' determination should be included in the whole life costing assessment.

1.12 **Post Project Evaluation**

1.12.1 Once a scheme or project has been completed, it is important that the project is 'closed', and that the Council assesses the success or otherwise of the scheme. Project outcomes must be clearly linked back to the Business Case, and the outcome report should be reported to the Corporate Asset Group. A summary Closure Report should be submitted to Finance and Resources Committee annually. Further guidance is provided in Sections 2 and 3 of this Manual.

Section 2 – Guidance for Services

This section provides a step by step user guidance for Services to prepare and submit a bid for a capital scheme/project to be assessed by the Corporate Asset Group, Corporate Management Team and Elected Members.

Where emergency projects arise due to unforeseen circumstances during the financial year, and/or during the life of the Capital Programme, the process must be flexible enough to enable the Council to react to such issues. Any additions to the Capital Programme, however, must also be subject to the capital prioritisation process. Substitute schemes should not replace delayed or cancelled schemes without the appropriate authorisation.

The process for requesting and approving new in-year capital schemes is the same as in setting the Capital Programme, and the same documentation should be used (Section 3 of this Manual).

2.1 Setting the 3 to 5 year Capital Programme – the Annual update

2.1.1 The remit of the Corporate Asset Group is summarised in Section 1 of this Manual,

2.1.2 The timetable for developing and approving the Capital Programme is shown in Document 3.1 in Section 3 of this Manual.

2.1.3 Annual update of the 3 to 5 year Capital Programme

By the end of June of each financial year, Services should complete a required pro-forma for each proposed scheme. It is essential that the relevant people and groups (e.g. public, neighbourhoods, ward members) are actively involved in the process as early as possible.

2.1.4 The process outlined in the Corporate Asset Management Project Scoring and Prioritisation System as outlined in the following pages should be followed.

CORPORATE ASSET MANAGEMENT

PROJECT SCORING & PRIORITISATION SYSTEM

General Aims.

The system has been devised to provide a structured and rational framework for assessing the relative merits of services' proposals for capital investment having regard to the Council's improvement and investment priorities, and the need to address issues associated with risk and opportunity management. At the same time, it retains a degree of flexibility so that elected members can draw out for consideration important issues concerning risk and the potential loss of windfall opportunities, which would otherwise be disregarded as low priorities in a rigid scoring system. This is achieved by attaching flags to projects when positive entries are made against key questions.

Output from the system, together with supporting business case information submitted by the proposing service(s), is moderated and ranked alongside all other proposals for capital investment by the cross-service Corporate Asset Group before being fed into the Council's annual budget process for consideration.

The system is structured to relate schemes to the Council's latest Single Outcome Agreement and Community Plan and will therefore be reviewed and adjusted as and when this changes in the future.

A screen print showing the current prioritisation proforma is attached as Appendix 1.

Prioritisation Pro-forma - Background Information:

The first part of the pro-forma seeks basic project identification details.

The name of the service submitting the proposal **must** be entered from the underlying pick-list.

The "Scheme title" and "Background" fields are self-explanatory, but in addition to giving a general description of what is proposed the background entry should include a summary of proposed/required outputs, including any anticipated service improvements the investment will produce.

The "Status of proposal" field seeks an indication of whether the proposal has been officially adopted as a priority by the promoting service's management team and is being submitted for funding consideration and inclusion in the Council's 5 year investment plan, or is being flagged-up for further investigations prior to funding consideration in a future budget round.

Where the proposal is submitted for funding consideration and inclusion in the Council's investment plan:

- It should have been the subject of preliminary investigations* in response to the submission of a Proposal Initiation Proforma (copy attached as Appendix 2) to confirm feasibility (and in the case of property-related proposals to establish an estimated cost) and to identify the service delivery and asset improvement outcomes which the proposed project would be expected to deliver.

(In the case of property-related proposals, this is a requirement of the Council’s Code of Practice for the Management of Capital Building Programmes and Projects.)*

- The cost net of any grant or contributions from partners should be entered in the “Estimated cost” field. The “Gross cost” field should also be completed in cases where the Council would be required to fund only part of the cost of the proposed scheme.
- The proposal’s rank in the submitting service’s own list of investment priorities should have been established in developing the service’s business plan, and must be entered in the “Service priority rank” field.
- The submitting service should have carried out investigations to establish the net revenue impact of the proposal (to their own and any other services affected by the proposals) and to confirm that these could be met from the service’s existing budget provision. The outcome should be indicated by inserting the appropriate selection from the drop-down list on the pro-forma.

Services should confer with the City Chamberlain regarding any projects which would generate revenue costs for which provision cannot be made, otherwise these will be tagged as ‘Proposals submitted for future funding consideration’.

- You must indicate whether the project being scored is a major or minor capital proposal. The distinction lies in the purpose of the proposal rather than its estimated cost; a major proposal is a project aimed at delivering a new service, service improvement or service expansion, whilst a minor proposal is a project or budget which is required to maintain the existing Service. The response to this question is used to split projects into two lists.

Where a project is identified as ‘minor’, the impact of deferral beyond the financial year indicated in the “Status of proposal” field needs to be entered. The full list of options for entry and the associated scores is as follows:

Minor Proposal Deferral	
The Council will fail to maintain at the prescribed MINIMUM level a service it is statutorily obliged to provide	10
The standard of a service the Council is statutorily obliged to provide will significantly deteriorate	8
The Council will incur greater expense in maintaining minimum statutory service levels at a later date	4
Investment within the proposed timescales is desirable for some other reason	2
It would be possible to manage deferral for one year without undue impact	0

Without this project the Service will receive no capital investment during the financial year	10
---	----

Responses should be based on the **immediate** impact if the project is not funded within the financial year requested; it should not be assumed that funding will not be available in the following financial year.

Choosing either the first or the last of these options will generate a flag indicating that the Corporate Asset Group needs to review the implications.

Local Outcomes

An entry should only be made where the proposed project is directly related to one of these areas.

Where the proposal relates to a contributory outcome, the system awards points according to the level of contribution the proposal is expected to make towards achieving the contributory and associated high level outcome [entered from the pick list under question 2 (c)].

Projects that do not relate to the Council’s contributory outcomes may still be put forward for consideration, but these will need to be accompanied by a ‘business case’ report if it is felt that there are exceptional reasons why they should be considered for funding in the next budget round.

Question 2 (b)

This question should be completed if the proposal relates to contributory outcome The options available in the pick list will depend on the contributory outcome entered under question 2a. The full list of possibilities is as follows:

Performance Measures - a well managed Council	
1	Required to deliver action plan to address Best Value Audit for improvement relating to asset management
2	Required to deliver action plan to address Best Value for improvement relating to procurement
3	Required to deliver action plan to address Best value area for improvement relating to financial management
4	
5	
6	
7	Required to deliver new Single Outcome Agreement outcomes

Question 2 (c)

Where an entry has been made in response to question 2 (a) the project's contribution to the achievement of the Council's relevant **overall** target, should be recorded.

Impact on Corporate Priority	
Significant contribution	10
Moderate contribution	8
Contributes	6
Limited contribution	4
No material contribution	0

The level of contribution made should be assessed in terms of the difference the proposal will make **in its own right** to the achievement of the Council's **overall** priority area for improvement.

Question 3

(□)

Finally, stakeholder consultation is a key requirement of the asset management planning process and it will be important, in considering the status and likely timing of project proposals, to know whether and to what extent they have been the subject of consultation. This question seeks this information, and generates a flag; no points are awarded.

"No" should be entered (or the field left blank) unless the stakeholder consultation undertaken is the **maximum** realistically possible, having regard to the nature and extent of the proposal and any unavoidable constraints arising due to issues of confidentiality or political sensitivity.

Prioritisation Pro-forma - Part B:

This part of the pro-forma mostly deals with risk and opportunity management.

Question 1

This question identifies projects that will improve and/or promote a crosscutting approach to the delivery of City Council services. A project is crosscutting if it results in the creation of facilities for joint use, or to support the delivery of services jointly, by more than one City Council Service and/or partner organisation. **A score should only be claimed where existing facilities are unable to accommodate such use.** This will include projects that support the Modernisation Agenda, such as projects in support of e-government or joint working with partners, projects arising from the Community Strategy, and projects in support of the Council's change programme priorities.

For any proposals scoring against this question, targets for claimed service improvements and outputs will need to be set as part of the business case before the project can proceed.

Points awarded depend on which option applies:

Crosscutting and/or Service Improvement Projects	
Will significantly improve quality of existing service AND enable planned service delivery with a partner AND tackle social disadvantage	10
Economic development proposal linked to a CC approved co-ordinated strategy to address social deprivation	10
Will significantly improve quality of existing service AND promote service delivery with a partner	6
Will significantly improve quality of existing service	4
No specific service improvement target	0

Question 2

This is aimed at identifying projects that will raise the Council's profile, either because of the level of innovation they involve or because they promote partnership working, etc.

The options for entry, and the scores awarded, are as follows:

Community Leadership Scores	
National impact	5
Regional impact	4
City-wide impact	3
Local impact	2
No profile	0

Question 3a

(★)

This question is intended to identify projects that will remove risk by addressing **new** statutory duties and/or any contractual **obligations** that will fall due to be honoured within the lifetime of the plan. It is important that claims are **not** made for projects that **indirectly** address a statutory need by replacing existing service provision that already satisfies such requirements. Only projects that **remove risk** to the Authority by addressing statutory or other legal obligations which are **not** currently satisfied by existing service provision arrangements and can not be removed without capital investment should be marked as contributing.

Health and safety issues should be excluded as they are scored under Question 3(b).

Options and scores are:

New Legal Obligations	
Two or more Statutory / legal obligations	10
One Statutory / legal obligation	8
Discretionary	0

The system attaches a flag to projects that would remove risk under this heading, so that such issues may be specifically drawn to the attention of elected members for consideration regardless of project points totals.

Question 3 (b)

(*)

As with question 3(a), only projects that **remove** risk to the Authority, by addressing health and safety issues that are **not** currently satisfied by existing service provision arrangements and can not be removed without capital investment, should be marked as contributing. Assessment is by comparison to the “do nothing” or “maintain existing” option as appropriate. A flag is attached to projects that score in this area. Scores are as follows:

Health & Safety	
Minimises risk of multiple fatalities	10
Minimises risk of single fatality or hospitalisation	8
Minimises risk of major injuries	6
Minimises risk of minor injuries	2
No significant impact	0

Question 3 (c)

Projects that will enable access for people with disabilities to premises open to the general public for service delivery purposes (i.e. specific service access points) should be scored under this section:

Premises Accessibility	
Will result in equal access for people with disabilities	5
Will provide partial access only	2

Question 4 (a)

Assesses the importance attached to the associated issues by the general public:

Publicity Scores	
Will ALONE have national impact	5
Is part of a CC approved larger strategy which will have national impact	4
Regional impact	3
City-wide impact	2
Local impact	1
No profile	0

Question 4 (b)

Self-explanatory:

Savings/ Cost Reductions	
Generates REAL income/savings sufficient to offset cost of financing the works	5
Removes need for recurring minor capital investment to maintain service delivery	5
Significant reduction in revenue costs (at least of 8% return on capital)	5
Moderate reduction in revenue costs (4% to 8% return on capital) predicted	4
Small reduction in revenue costs	2
No real effect	0

Choosing one of the first 2 of these options results in the project being tagged as “Self-financing” and “Invest to save” respectively, provided the project relates to one of the Council’s corporate priorities and the service submitting the proposal can cover any revenue implications.

Question 4 (c)

(□)

Only capital grants or contributions (not borrowing approvals) that will become available **as a direct result** of the project proceeding should be counted. The following scores apply:

Match Funding	
Completely funded from external sources	5
75% to 99%	5
50% to 74%	4
25% to 49%	3
Less than 25%	2
No	0

Where match funding is identified, the second part of this question seeks an indication of whether a provisional award has **already** been secured, or whether the funding is only **potentially** available. A flag is generated if a

provisional award has already been secured, and if the first of the options from the above list has been chosen the proposal will be tagged as “Externally funded” provided the project relates to one of the Council’s corporate priorities, the funding is provisionally approved (not just potentially available) and the service submitting the proposal can cover any revenue implications.

Question 4 (d)

The intention is to highlight situations where it can be shown that the Council **will** incur a **direct** financial penalty if the project does not proceed.

Financial Exposure	
Penalty relating to proposal ALONE will have implications for the Council’s overall capital programme	5
Is part of a CC approved larger strategy which will have implications for the Council’s overall capital programme	4
Penalty relating to proposal ALONE will have implications for service programme	3
No direct penalty	0

Question 4 (e)

(□)

A “yes” or “no” response is required. Investment in community regeneration in areas of deprivation, as defined in the Data Zones, is seen as a major priority for the Council. At present, this field merely results in a flag being attached to projects that are aimed at addressing deprivation issues in these areas, but the possibility of attaching a separate scoring structure will be kept under review as policy develops. Details of the Data Zones are available from the Scottish Government Website.

Question 5 (a)

Whether the project relates to an action plan to improve the Council's performance in relation to its Single Outcome Agreement targets*, other National Indicator set measures or locally adopted performance indicators.

Only projects which relate to a **City Council approved** plan to improve the Council's performance in terms of nationally monitored performance indicators or local performance indicators which have been **formally** adopted by the Council should be shown as contributing. Scores relate to the indicators involved:

Performance Indicators	
Stat SPI	8
Other National Indicators/PIs identified in Community Plan	5
Other PIs identified in the Service Plan	2
No direct link to formal PIs	0

The latest Single outcome indicators are set out in Appendix 3. The full list of National Indicators and associated definitions can be accessed on the Scottish Government website website by clicking here.

Question 5 (b)

(□)

A “yes” response should only be entered if the project relates to a **City Council approved** action plan to improve the Council's performance in response to a **formal** performance review, an adverse external audit report, or other **external** service review.

Performance Review	
Yes	5
No	0

PROJECT PROPOSAL INITIATION PRO-FORMA

Originating Service:

For completion by Enterprise, Planning and Infrastructure Team (please leave blank):

Form Reference No.: Date rec'd: Initial response deadline: Date response sent:

Part A: Basic Proposal Details

A.1 Is only an estimate being sought, so that service options can be further considered? *(Tick one box)*

Yes (Please complete Part A)
No (Please answer all questions)

A.2 Description of proposal:
(Please include details of any premises that would be affected by the proposals, inc. any to be vacated/partly vacated)

A.3 To which one of the Council's corporate aims does the proposal primarily relate?

A.4 To which one of the Council's corporate priorities does the proposal primarily relate?

A.5 In identifying this proposal, have any alternative service options been considered? *(Tick one box)*

Yes (Please answer question B.3)
No

A.6 In identifying this proposal, have any potential risks to its delivery been identified? *(Tick one box)*

Yes (Please answer question B.4)
No

A.7 What service improvements/outputs would the proposal be expected to deliver?

A.8 Would these improvements be dependent on other (non-premises) investment/service changes? *(Tick one box)*

Yes
No

A.9 Please give details of any budget level assumed in service

Basis/source:

A.10 Please give details of any operational timescales (if known) associated with the proposal:

A.11 Has the proposal been the subject of/resulted directly from stakeholder consultation? *(Tick one)*

Yes
No

A.12 Please list any partners (other DCC services or third parties) jointly promoting the proposal:

Part B: Additional Proposal Details

B.1 What is the priority of this proposal in your Service's overall list of ranked needs?

B.2 Has the proposal already been processed through the corporate prioritisation system?

Ye
No

B.3 In confirming this as your preferred solution, what other service options have been considered?

B.4 Please confirm that a project risk assessment has been carried out and outline any potential risks to the delivery of this proposal that have been identified:

B.5 Please specify any other investment/changes needed, and indicate how these are to be resourced:

Part C: Financial Background

If the Project is an Invest to Save Scheme please submit separate form.

C.1 Please give details of any capital funding that would be available if the proposal were to proceed:

Costs covered	Amount available	Fixed sum or proportion? (£ or %)	Source of funding	Certainty ("C" if certain, "P" if potential)
Premises-related works				
Staffing implications/issues				
Other (Please specify)				

C.2 Please give details of any revenue funding that would be available if the proposal were to proceed:

Costs covered	Amount available	Fixed sum or proportion? (£ or %)	Source of funding	Certainty ("C" if certain, "P" if potential)
Annual premises-related costs				
Annual staffing costs				
Other (Please specify)				

Authorising Officer:
(Please include designation)

Nominated representative (if known):.....
(Please include telephone number)

Date:

Upon completion, please forward this form by e-mail to the Enterprise Planning and Infrastructure Team at:

Thank You

2.3 Monitoring of the Capital Programme

- 2.3.1 Each scheme in the Capital programme will have a dedicated Project Sponsor and a dedicated Project Director. The Project Sponsor should be at Head of Service level (or Service Manager level) and the Project Director should be at Director level.
- 2.3.2 The Project Sponsor will monitor each scheme within his or her remit monthly, and report progress to the Project Director and the identified responsible officer within Enterprise, Planning & Infrastructure monthly. Progress with comments should be entered in the monthly Monitoring Sheet (Document 3.9 in Section 3), containing progress to date, estimated completion date, taking into account any slippage during the year, the projected outturn position and any comments.
- 2.3.3 The Project Sponsor should update Covalent with the appropriate information. If the projected outturn position includes an anticipated overspend, the comments should include options on how the Council can bring the proposal back in line with the original budget.
- 2.3.4 A quarterly summary report will be presented to the Corporate Asset Group, using Document 3.10 in Section 3 of this Manual. The quarterly summary report will present relevant information grouped into Project Director / Service / Portfolio sections. Individual Project Sponsors will update the Corporate Asset Group on slippage, variances.
- 2.3.5 Following the quarterly meetings of the Corporate Asset Group, a summary report will be presented to CMT. This report will also contain any new in-year proposed schemes.
- 2.3.6 Following the report to CMT, a Capital Programme update section will be incorporated in the financial update report to the Finance and Resources Committee.

2.4 Post Project Evaluation

- 2.4.1 Once a scheme or project has been completed, it is important that the project is 'closed', and that the Council assesses the success or otherwise of the scheme. Information on outcomes should form part of the overall capital prioritisation process for future reference, and lessons learned during the project should be taken into account for future schemes. Project outcomes should be assessed in terms of:
- Was the scheme delivered within the anticipated timetable?
 - Was the scheme delivered within budget?
 - If not, how are the variances treated?
 - Were the anticipated benefits as set out in the original Business Case achieved?
 - Were the risks identified in the risk assessment appropriate, and did any of the risks materialise?

- Was the scheme delivered successfully?
- Lessons learned for future reference?
- For Invest to Save schemes, have the required savings / income levels been achieved, within the required timescales, and have these been incorporated in the Revenue Budget?

2.4.2 The Project closure form is shown in Document 3.11 in Section 3 of this Manual. One form should be completed for each completed project, and Document 3.12 should be used for the annual summary Closure Report to elected members. This information will be fed into the Corporate Officers annual report to members and used to inform future capital projects, with responsible officers detailing the changes that will be undertaken in similar projects in the future. Covalent should be updated accordingly.

2.5 Invest to Save

2.5.1 An Invest to Save scheme is one where, in revenue terms, the total costs of the project are at least matched by direct cost reductions, increased income or efficiency gains that can be translated into financial savings. The maximum payback time is three years, after taking into account all associated costs (although in some instances this may be longer).

2.5.2 The forms to be used for Invest to Save bids are shown in Section 3 of this Manual, Documents 3.13 and 3.14.

2.5.3 Document 3.15 should be used to complete the Invest to Save Benefit Realisation report, which is the Invest to Save Closure Report.

Section 3

Capital Programme Timetable

Forms and pro forma for Capital Programme prioritisation and monitoring

Capital Programme timetable

Report	Key dates
Discussions with Directors / Key Members	June
Completion and submission of Capital Pro forma to SMTs	July
Submission of Capital Business Case to the Corporate Asset Group	September
Report to CMT	October / November
Report to Council as part of overall budget setting process	December
Quarterly reports to Cabinet and Scrutiny Board	July / October / January and May (outturn)

Capital Scheme Business Case proposal form
PROJECT PROPOSAL INITIATION PRO-FORMA

Originating Service:

For completion by Enterprise, Planning and Infrastructure team (please leave blank):

Form Reference No.: Date rec'd: Initial response deadline: Date response sent:

Part A: Basic Proposal Details

A.13 Is only an estimate being sought, so that service options can be further considered? *(Tick one box)*

Yes (Please complete Part A)
 No (Please answer all questions)

A.14 Description of proposal:
 (Please include details of any premises that would be affected by the proposals, inc. any to be vacated/partly vacated)

A.15 To which one of the Council's corporate aims does the proposal primarily relate?

A.16 To which one of the Council's corporate priorities does the proposal primarily relate?

A.17 In identifying this proposal, have any alternative service options been considered? *(Tick one box)*

Yes (Please answer question B.3)
 No

A.18 In identifying this proposal, have any potential risks to its delivery been identified? *(Tick one box)*

Yes (Please answer question B.4)
 No

A.19 What service improvements/outputs would the proposal be expected to deliver?

A.20 Would these improvements be dependent on other (non- Yes

No

A.21 Please give details of any budget level assumed in service

£

Basis/source:

A.22 Please give details of any operational timescales (if known) associated with the proposal:

A.23 Has the proposal been the subject of/resulted directly from stakeholder consultation? *(Tick one)*

Yes
No

A.24 Please list any partners (other DCC services or third parties) jointly promoting the proposal:

Part B: Additional Proposal Details

B.6 What is the priority of this proposal in your department's overall list of ranked needs?

B.7 Has the proposal already been processed through the corporate prioritisation system?

Yes
No

B.8 In confirming this as your preferred solution, what other service options have been considered?

B.9 Please confirm that a project risk assessment has been carried out and outline any potential risks to the delivery of this proposal that have been identified:

B.10 Please specify any other investment/changes needed, and indicate how these are to be resourced:

Part C: Financial Background

Is the proposal is An invest to Save Scheme then please submit separate form

C.3 Please give details of any capital funding that would be available if the proposal were to proceed:

Costs covered	Amount available	Fixed sum or proportion? (£ or %)	Source of funding	Certainty ("C" if certain, "P" if potential)
Premises-related works				
Staffing implications/issues				
Other (Please specify)				

C.4 Please give details of any revenue funding that would be available if the proposal were to proceed:

Costs covered	Amount available	Fixed sum or proportion? (£ or %)	Source of funding	Certainty ("C" if certain, "P" if potential)
Annual premises-related costs				
Annual staffing costs				
Other (Please specify)				

Authorising Officer:
 (Please include designation)

Nominated representative (if known):.....
 (Please include telephone number)

Date:

Upon completion, please forward this form by e-mail to the Enterprise Planning and Infrastructure Team at:

Thank You

Options Appraisal

It is important that the Council's limited capital resources are directed towards meeting the Council's corporate objectives, in line with the Council's Property Asset Management Plan and the Capital Strategy. The use of the Council's own capital resources should only be applied as a last resort, it is therefore important that all possible options for delivering the proposed scheme have been explored.

Is the proposed scheme a new build – Yes / No

Please demonstrate how all options have been given appropriate consideration, and how the proposed approach has been determined:

Options considered	Option proposed, with reason	Option rejected, with reason
New build		
Lease		
Partnership arrangements		
Use of existing buildings		
Disposal of other asset surplus to requirements as a result of the proposed scheme		
Use of Ringfenced capital resources		
Government grant		
European grant		
Other grants available		
Matched funding		
Other options explored		

Signed (Project Director).....Date.....

Signed (Project Sponsor).....Date.....

Signed (Finance Manager)..... Date.....

Risk Assessment

Proposed scheme:

Swimming pool

Potential problem	Risk / Implication	Gross Risk		Mitigating factors	Net Risk		Budgetary requirement
		Probability	Priority		Probability	Priority	
Project delay	Increased costs Bad publicity Loss of customers	High	Medium	Preparation of detailed project plan. Dedicated staff Partnership with contractor – shared risk Liquidated damages within contract	Low	Medium	Contingency budget of £xx
Project costs							
Inclement Weather							
Extended decant etc							

Capital Programme Monitoring Form – Operational Board

Ref	Scheme	Project Sponsor	Project Director	Capital Programme £000	Spend to date £000	Projected outturn £000	Projected variance £000 (+)/-	Completion date	Comments	Comments – Operational Group
L11	New swimming pool	xx	xx	1,000	280	1,200	(200)	1.9.07	Delay in construction work, resulting in late completion and projected £200,000 overspend	Overspend to be funded from savings in scheme L35

Capital Programme monitoring form – Strategic Board

Service	Ref	Schemes	Project Sponsor	Project Director	Total Capital Programme £000	Spend to date £000	Projected outturn £000	Projected variance £000 (+)/-	Comments
Central	L11	Swimming pool Etc Etc	xx	xx	10,000	3,280	10,000	0	Overall - Service on track. Swimming pool - delay in construction work, resulting in late completion and projected £200,000 overspend, which will be funded from savings in scheme L35.

Closure Report – to be presented to the Corporate Asset Group and subsequently CMT

Scheme / Project			
Project Director			
Project Sponsor			
Service			
Brief outline of the completed scheme			
	Planned date	Actual date	
Commencement date			
	Planned date	Actual date	
Completion date			
	Budget	Outturn	Variance
Capital Expenditure			
Reason for variance, and how over and under spends are treated			
Planned benefits of the scheme / project (Ref Doc 3.3 and 3.5)			
Benefits achieved			
Risks assessment – were the appropriate risks identified, and did any of the potential risks materialise?			
Was the scheme / project delivered successfully? (i.e. on time, within budget and with the anticipated outcome)			
Lessons learned for future projects?			

Signed (Project Director).....Date.....

Signed (Project Sponsor).....Date.....

Invest to Save Project Bid form

Proposed scheme	
Project Director	
Project Sponsor	
Service	
Brief outline of proposed scheme (see attached report for full details)	
Reason for scheme (see attached report for full details)	
Proposed commencement date	
Proposed completion date	
Total Capital Cost (see report for breakdown)	
Source of funding (see report for breakdown)	
Revenue implications (see report for breakdown) and payback details	

Signed (Project Director).....Date.....

Signed (Project Sponsor).....Date.....

Signed (Finance Manager)..... Date.....

Invest to Save bid – Report to Corporate Asset Group/CMT

1. Introduction
2. Background
3. Purpose of the Project
4. Details of the Project
5. Benefits of the Project
6. Outline of Financial Benefits and payback. (See separate report for full financial appraisal)
7. Timescales of the Project, including critical deadlines
8. Risk Assessment
9. Recommendations

Invest to Save - Financial appraisal (to be completed by Project Sponsor and Finance Manager/Senior Accountant)

	Total £000	2008/09 £000	2009/10 £000	2010/11 £000
Gross Capital cost:				
Less external funding - (provide details)				
Net capital contribution from the Council				
Source of capital funding:				
Revenue implications:				
• Annual revenue costs				
• Interest				
• Capital Charges				
• Loss of investment income				
• Annual income generated				

Payback	£000	Month / Year	Details
One off revenue			
Ongoing revenue			
Income generation			

Invest to Save Scheme – Benefit Realisation Report

Scheme / Project			
Project Director			
Project Sponsor			
Service			
Brief outline of the completed scheme			
	Planned date	Actual date	
Commencement date			
	Planned date	Actual date	
Completion date			
	Budget	Outturn	Variance
Capital Expenditure			
Reason for variance, and how over and under spends are treated			
Planned benefits of the scheme / project (Ref Doc 3.11 and 3.12)			
Benefits achieved			
Risks assessment – were the appropriate risks identified, and did any of the potential risks materialise?			
Was the scheme / project delivered successfully? (I.e. on time, within budget and with the anticipated outcome)			
Has the payback criteria been met, one-off and ongoing revenue savings and income generation levels incorporated in the Revenue Budget, and financial targets met?			
Lessons learned for future			

projects?	
-----------	--

Signed (Project Director).....Date.....

Signed (Project Sponsor).....Date.....