

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>REPORT TO:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>DATE:</b>	<b>20 JULY 2015</b>
<b>SUBJECT:</b>	<b>BUDGET SETTING AND CAPITAL STRATEGY 2016/17</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>CLLR H E JONES</b>
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<b>LOCAL MEMBERS:</b>	

<b>A - Recommendation/s and reason/s</b>		
<ul style="list-style-type: none"> <li>· The Executive is invited to note and adopt the Revenue projections for 2016/17 Budget along side the Capital Strategy 2015</li> <li>· To Note the Reserves Position for 2015/16 and to reaffirm the Reserves and Balances Policy</li> </ul>		
<b>B - What other options did you consider and why did you reject them and/or opt for this option?</b>		
<b>C - Why is this a decision for the Executive?</b>		
The matter is delegated to the Executive.		
<b>CH - Is this decision consistent with policy approved by the full Council?</b>		
The matter is delegated to the Executive.		
<b>D - Is this decision within the budget approved by the Council?</b>		
The decision relates to the setting of the budget by the Council.		
<b>DD - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Strategic Leadership Team (SLT) (mandatory)</b>	
2	<b>Finance / Section 151 (mandatory)</b>	S151 Officer report.
3	<b>Legal / Monitoring Officer (mandatory)</b>	
4	<b>Human Resources (HR)</b>	
5	<b>Property</b>	
6	<b>Information Communication Technology (ICT)</b>	
7	<b>Scrutiny</b>	
8	<b>Local Members</b>	
9	<b>Any external bodies / other/s</b>	
<b>E - Risks and any mitigation (if relevant)</b>		
1	<b>Economic</b>	
2	<b>Anti-poverty</b>	
3	<b>Crime and Disorder</b>	
4	<b>Environmental</b>	
5	<b>Equalities</b>	
6	<b>Outcome Agreements</b>	
7	<b>Other</b>	

<b>F - Appendices:</b>
Appendix A – Reserves Bid Form Appendix B – Reserves List Appendix C – Capital Strategy 2015 Appendix CH – Medium Term Financial Plan (MTFP)
<b>FF - Background papers (please contact the author of the Report for any further information):</b>
Capital Strategy 2014 Budget 2015/16

## **BACKGROUND**

This report provides background to the delivery of the Council's Revenue budget for 2016/17 and the Capital Strategy 2015 whilst providing information on the current levels of useable reserves. It will also set out key features for the delivery of the budget setting process for Revenue and Capital.

## **FINANCIAL RESERVES AND BALANCES POLICY**

### **1. Purpose**

The Isle of Anglesey is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out the governance arrangements for the Use of Reserves and Balances to ensure they provide the Council with the flexibility it needs and also to ensure they are used to add value to the organisation.

### **2. Regulatory Context**

Sections 32 and 43 of the Local Government Finance Act 1992 require Local Authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There is no specified minimum level of reserves that an authority should hold and Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report formally on the adequacy of proposed reserves when setting a budget requirement and to ensure that there are key protocols for their establishment and use.

This policy sets out the framework for the use and management of useable reserves, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed in accounting policies.

### **3. Types of Reserves.**

Useable revenue reserves can be categorised in two ways:-

- General reserves which are contingency to cushion the impact of unexpected events or emergencies; and
- Earmarked Reserves which are generally built up to meet known or predicted liabilities.

Earmarked revenue reserves are usually created and held for one of the five main reasons below:-

- i. Renewals – to enable services to plan and finance an effective programme of vehicle and equipment replacement and planned property maintenance. These reserves are mechanisms to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.

- ii. Carry forward of underspend – some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- iii. Trading accounts - in some instances surpluses are retained for future investment.
- iv. Insurance Reserve - to meet the estimate of future claims to enable the Council to meet the excesses not covered by insurance.
- v. Other earmarked reserves will be set up from time to time to meet known or predicted liabilities, for example future predicted budget demand pressures.

Whilst earmarked reserves are set against a specific purpose, general reserves are funds which do not have any restrictions as to their use. Such reserves can be used to smooth the impact of significant pressures across years, offset the budget requirement in year, and to mitigate the risks of unexpected events or emergencies.

General reserves can also be used to support investments designed to secure greater base budget savings.

#### **4. Managing Reserves**

The Council recognises the need to hold and maintain reserves but also recognises that, by choosing to hold or increase reserves, the Council is allocating resources away from other potential uses and, as such, there is an 'opportunity cost' of holding balances as reserves. For this reason, it is important to set out clearly, and regularly review, the framework through which such reserves are managed.

The management of financial reserves is a key tool of the Council's overall financial strategy, which has two key objectives:-

- Achieving stable and sustainable budgets throughout the medium term; and
- Ensuring resources are effectively focused on priorities.

Underpinning the achievement of these objectives is the recognition of the need to manage risk. This could be increased risks of volatility in planning assumptions as we continue to go through uncertain economic times or the risks to Welsh Government funding as a result of significant future funding reviews. Or it could be that the business seeks to take greater business risks through innovative service delivery to achieve difficult savings targets. The greater the risks, the greater the reserves the Council are likely to need to hold to mitigate against this. It is the appreciation of such risks that must be at the forefront of the Section 151 Officer's mind.

#### **5. Quantifying the Reserves Requirement**

Setting the level of general reserves is one of several related decisions in the formulation of the Medium Term Financial Plan (MTFP) and the annual budget. This decision requires account to be taken of the strategic, operational and financial risks facing the Authority. Specifically, the MTFP requires the Council to build up and then maintain general reserves sufficient to cover the key financial risks that it faces.

The Section 151 Officer will need to consider many factors in determining the precise level of reserves, many of which involve an assessment of the risk of assumptions included in the budget and MTFP, together with the Council's financial standing and management.

The key factors are set out below:-

- Budget Assumptions;
- Financial standing and management;
- General cash flow requirements, the outlook for inflation and interest rates;
- The overall financial standing of the Council (level of borrowing, debt outstanding etc);
- Estimates of the level and timing of capital receipts;
- The Council's track record in budget and financial management, including the robustness of its medium term plans;
- The potential range of costs of demand led services;
- The Council's capacity to manage in year budget pressures;
- Planned efficiency savings/ productivity gains;
- The strength of the financial information and reporting arrangements;
- The financial risks inherent in any significant new funding partnerships;
- Major outsourcing arrangements or major capital developments;
- The Council's virement and end of year procedures in relation to budget under/overspends;
- The availability of other funds to deal with major contingencies and the adequacy of provisions;
- The adequacy of the Council's insurance arrangements to cover major unforeseen risks.

An objective evaluation of these factors will be undertaken each year to determine a prudent level of general reserves cover based on an assessment of the above factors. However, the final level of reserves is ultimately subject to the Section 151 Officer's judgement, taking all relevant factors into consideration.

As part of the annual budget recommendation to the Council, the Section 151 Officer, will highlight the amounts that are being set aside for reserves.

## **6. Building Reserves**

Should the Section 151 Officer consider that the level of General Reserves requires increasing, this will be achieved as part of the budget setting process, establishing an allocation from the annual budget to achieve the desired level of balances. Contributions to and from General Reserves should be reviewed annually. This will be additional to any amounts needed to replenish reserves that have been consumed in the previous year, to maintain the minimum level of reserves.

Earmarked reserves will be established on a 'needs basis' in line with the planned or anticipated requirements, and will be subject to Committee approval, usually as part of an annual reserves report that goes as part of the year end.

For each such reserve the Council will define:-

- The purpose of the reserve;
- How and when the reserve can be used;
- Procedures for management and control of the reserve;
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy. This will generally take place at year end.

## **7. Capital Reserves**

The capital programme for 2015/16 fully utilises all available reserves down to the minimum level. The future expectation of capital receipts for strategic asset sales has not yet been built into the capital programme.

Good asset management strategies have included in them the replenishment of assets following on from strategic asset sales, so that there will be assets of a strategic value on the balance sheet for future years.

The capital receipts from such strategic assets sales are a valuable source of capital financing but equally a proportion of these proceeds needs to be reinvested for either revenue return or for investment in other assets that, over time, will increase in value and form part of future years' capital financing.

A proportion of all strategic asset capital receipts should be ear-marked for reinvestment, either for investment to produce future financing sources financing or to create a revenue income stream.

A Capital Investment reserve will be created and, on receipt of proceeds of sales, a proportion will be added to this reserve. Capital schemes that either propose reinvestment in assets or revenue income streams will be considered for funding from this earmarked reserve, to complement the current capital programme schemes funded by general capital receipts reserves.

Similarly, the capital funds allocated to Compulsory Purchase Orders will be replenished from the capital receipts on the sale of the acquired properties. This will then form the basis of a rolling fund for the compulsory purchase orders issued.

### **Use of Reserves**

Reserves can only be used once, and so should not normally be used to finance recurring planned spending – for example they would not except under exceptional circumstances be used to 'balance the budget'.

Where reserves are used to support the delivery of the budget in any one year, for example to smooth funding fluctuations or pressures across years, the Council should ensure the reserves are replenished in the following year if necessary.

Where the Council has used general reserves for investment purposes to generate savings, these would also generally be paid back by the end of the following financial year. In exceptional cases, such as minimising the impact upon services to customers and citizens, more time would be allowed for replenishment, up to a maximum of four years, in line with the medium term planning cycle.

Use of General Reserves will be subject to the Section 151 Officer and, in some cases, the Executive Committee approval. The creation of earmarked reserves will also be subject to the approval of the Section 151 Officer, once this level of approval has been given, drawdowns against the reserve can be made subject to the criteria being met.

In extreme circumstances, where general reserves have been exhausted due to unforeseen spending pressures within a given financial year, the Council would be able to draw down from its earmarked reserves to provide short term resources, but this would not be sustainable, and balances would need to be restored.

Earmarked reserves that have been used to meet a specific liability would not be replenished, having served the purpose for which they were originally established.

## **8. Service Reserves**

Individual service reserves were combined to create one Corporate Service Reserve, individual services at year end are now be able to put in proposals /bid for the use of the funds held within the Reserve. A copy of the proposal/bid form is attached. Appendix A

The use of this Corporate Service Reserve will be subject to the approval of the Section 151 Officer and, in some cases, the Portfolio Holder for Finance or the Executive. Once this approval has been given the draw down against the reserve can be made.

### **CAPITAL PROGRAMME 2016/17**

#### **CAPITAL STRATEGY**

The Capital Strategy is attached as Appendix C. In summary, it sets a process for identifying and putting forward for Member consideration a schedule of possible capital schemes for the coming year but set in the context of how the proposed schemes help to deliver the corporate priorities (or other statutory requirements) that Members' have set for the Council.

The Strategy also requires that regular reporting be brought before Members so that there is full transparency and appropriate governance agreements around the delivery of agreed Capital schemes.

The Capital Scoring Matrix is to be presented to the Corporate Scrutiny meeting in July. Following on from this we will report again later on in the financial year if there are any amendments.

#### **CAPITAL FUNDING**

The Capital proposals being brought forward will change this to a more medium term planning arrangement that looks ahead over the coming few years. This accords better with the nature of capital schemes, which often run over more than one financial year due to issues of size and/or complexity.

A schedule of possible schemes for Members to consider for implementation from 1 April 2016 will be developed over the summer and will be presented to the Executive in late summer or early autumn broadly in time with this timetable for setting the revenue budget also.

The Council's Capital Programme is funded from:-

- (a)** Capital grants;
- (b)** Capital receipts (i.e. sales of assets);
- (c)** Revenue contributions; and
- (ch)** Borrowing.

Any proposed schemes brought forward to Executive later will include details of any specific capital grants, revenue contributions by the service or borrowing where they are relevant to the funding of any proposed scheme.

The potential funding available for allocation to capital schemes at this time are as follows over the years 2016/17 to 2018/19.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
General Capital Grants	1355	1355	1355	1355
Capital Receipts	380	460	0	0
Revenue Contributions	0	0	0	0
Leisure Improvement Reserve	0	0	0	0
Supported Borrowing	2190	2190	2190	2190
<b>Total Funding available for Allocation</b>	<b>3925</b>	<b>4005</b>	<b>3543</b>	<b>3543</b>

Below is a table showing the External Borrowing for the Authority from 2009 to present:-

	Total external borrowing £'000
31 March 2009	90,122
31 March 2010	97,615
31 March 2011	102,608
31 March 2012	96,103
31 March 2013	96,097
31 March 2014	89,583
31 March 2015	89,575
NB: All borrowing was from the PWLB	

The Leisure Improvement Reserve is a reserve that has been built up on the years for improvements to leisure centres. Supported borrowing relates to the funding of new schemes into the future and pending a decision on scheme approvals has been based on previous years' experience.

### REVENUE BUDGET 2016/17

The Council has a revenue budget of £124m net.

The Projected budget shortfall for the next 4 financial years are as follows:-

	£'m
2016/17	5.2m
2017/18	4.6m
2018/19	3.8m
2019/20	3.7m

As part of the budget setting for 2015/16, a savings efficiency schedule was adopted and successful compliance with the budget for this year is dependent to an extent on achievement of those savings.

### ASSUMPTIONS

In revising the Council's Medium Term Financial Plan and, hence, its savings target, a number of assumptions have to be made on key variables. These are set out below :-

**Inflation** An inflation rate of 1.25% has been assumed for the purchase of goods and services. It needs to be borne in mind that inflation as experienced by any organisation such as the Council will differ from the CPI which is essentially a measure of domestic inflation.

**Pay Award** A pay award of 2% and a 2% adjustment has also been built in for national insurance for all employees.

**Interest Rates** Interest rates have been at an historical low for a very considerable period of time and while there is speculation that they may rise at some undefined point in time, no increase can be predicted with confidence and the assumption has been made, therefore, that there will be no increase in the near future.

**Fees and Charges** A review of the process of setting fees and charges is currently underway and a further paper will be brought to the Executive in the near future. It is, however, intended that these will be integrated more into the corporate budget setting process.

**Council Tax** Calculations have been based on a provisional assumption of a Council Tax rate increase of 4.5% for 2016/17 and a 3% rise for each of the following years.

**Government Grant** A Reduction of 4.5% has been assumed for the coming round. This equates to £4.1m reduction in cash terms. A further reduction of 3% for following years has been assumed.

**Growth** Given that the Council has to achieve significant savings, the MTFP has been calculated on the basis that budget growth for services will, in general, not be permitted. Clearly, in limited situations, budgets are demand-led and, in other limited situations, growth may be unavoidable for various reasons such as existing contractual obligations.

The budget projections produced in due course will include a schedule of growth terms for Members' consideration and, in the absence of Member approval on a case by case basis, will not be incorporated in budgets.

## **PROCESS AND TIMETABLE**

The key dates in the production of the 2016/17 budget are November/ December 2015 when a draft budget for consultation purposes will need to be presented to the Executive, and February 2016 when the finalised budget and the setting of Council Tax will be considered by the Executive and full Council.

Papers to be presented to Members in November will include:-

- i)** Draft revenue budget projections;
- ii)** Schedule of fees and charges;
- iii)** Schedule of reserves and balances;
- iv)** Schedule of growth possibilities;
- v)** Schedule of savings to be delivered.

The Housing Revenue Account will also be reported in that report. The proposed capital programme for 2016/17 interacts with the revenue budget and will also be reported, albeit as a separate report.

A number of strands of activity are being implemented to identify possible savings for Members' consideration. All proposals will be centrally collated and brought to Executive in due course. These include:-



**(i) Service Challenges**

These are already under way and will allow Members to challenge Heads of Service in a cost cutting and service delivery context. It will also potentially identify cross-cutting issues that can be beneficially addressed but which are not service specific.

**(ii) Employees Suggestions**

In any organisation the most detailed knowledge of what opportunities exist are in the heads of its employees and it is proposed to tap into that knowledge via a budget suggestion scheme process co-ordinated through the Resources Function.

**(iii) Budget Reviews**

All budgets and performance against them over recent years will be reviewed by accountants and any recurring indication that budgets can be adjusted without detriment to service delivery will be reported.

**(iv) Subjective Reviews**

Traditionally, budgets are looked at on a service by service basis. However, they will also be examined on a cross-cutting basis across the Council as a whole and any potential procurement or reorganisation advantages identified. Some issues have already been identified under service challenges.

**(v) Other Projects**

There are a number of other pieces of work already under way aimed at, e.g. transformational change or better procurement that should deliver financial benefits. These will continue on their respective timetables but any financial benefits identified will be incorporated in budget figures.

**(vi) Income**

A Review of all Income Streams is required in order to identify if income budgets are meeting their targets whilst also identifying any new income generating ideas.

**Closure of Accounts 2015/16**

**Bid Form – New Reserve or Provision or Increase to Existing Reserve or Provision**

Details regarding the procedures relating to Reserves and Provisions can be found in the accompanying Procedure Note.

The current position on all Earmarked Reserves and Provisions can be seen by contacting your Finance Support Teams. All Bids for new Reserves or Provisions and for increases to existing Reserves or Provisions are subject to approval by the Section 151 Officer.

Service Area		Division/Section	
State Bid amount and whether it is for a <u>New Reserve/Provision</u> or an Increase to an <u>Existing Reserve/Provision</u>		£	
Proposed By (state name and position / job title)		Cost Centre	
Title of Bid			
<b><u>Detail of Bid</u></b>			
<p>Please provide information in support of your application to enable the Section 151 Officer to consider fairly. Please State:-</p> <ul style="list-style-type: none"> <li>i) If Reserve is to be financed by ring-fenced grant and if so any conditions attached</li> <li>ii) Expected date / timescale that related expenditure will be incurred</li> <li>iii) Consequences, if any, to the Council and / or impact on Service Delivery if Bid is not approved</li> </ul>			

Signed..... Dated.....

All Bids must be approved in principal by your Head of Service and signed and dated. **Please email your completed Bid form to your Finance Support Team by Wednesday 8th April** – who will notify you whether or not it has been approved.

## APPROVED CORPORATE RESERVES AND OTHER BALANCES

RESERVE TYPE	DIRECTORATE	RESERVES	£
<b>CAPITAL EXPENDITURE</b>	Corporate	Revenue Contributions Unappl'd	770,232.77
<b>INSURANCE FUND</b>	Corporate & Democratic - Resources Risk & Insurance	Insurance (Catastrophe) Res	2,160,620.40
<b>JOB EVALUATION &amp; EP</b>	Corporate - HR	Job Evaluation	5,427,929.34
<b>MAJOR REPAIRS HR</b>	Community Services - Housing Services HRA	HRA Major Repairs Reserve	860,410.00
<b>OTHER</b>	Education - Lifelong Learning	School Days Reserve	-66,860.00
<b>OTHER</b>	Social Services - Adult Services Mental Health	Section 117 Res	150,000.00
<b>OTHER</b>	Lifelong Learning – Culture	Museum Purchase Fund	12,610.12
<b>OTHER</b>	Economic & Community Regeneration – leisure	Leisure Improvement Reserve	173,600.24
<b>PENHESGYN</b>	Sustainable Development - Waste Management	Penhesgyn Site Mngmt Reserve	2,000,000.00
<b>RECYCLING</b>	Sustainable Development Waste Management	Waste Res/Recycling	263,981.40
<b>RESTRICTED</b>	Corporate	Cost Of Change	596,877.18
<b>RESTRICTED</b>	Education - Lifelong Learning	R&M Scheme Primary	81,011.60
<b>RESTRICTED</b>	Education - Lifelong Learning	Sick/Ads Scheme-Primary	134,046.56
<b>RESTRICTED</b>	Planning and Public Protection	Licence Reserve	23,000.00
<b>RESTRICTED</b>	Environmental & Technical Transportation	Highway Airport 0607 Earmarked	14,742.91
<b>RESTRICTED</b>	Sustainable Development Waste Management	NWW Treatment Plant	1,306,249.82
<b>RESTRICTED</b>	Economic & Community Regeneration - Energy Island	Energy Island Economic Dev Res	218,359.85
<b>RESTRICTED</b>	Sustainable Development - Property Services - Estates & Valuation	Property Restricted Res 2011/12	121,314.05
<b>RESTRICTED</b>	Social Services	Wellington St - Ss	66,466.68
<b>RESTRICTED</b>	Education -Lifelong Learning	Schools Rationalisation	912,926.00
<b>RESTRICTED</b>	Sustainable Development	Developer Contribution Highways	149,550.00
<b>RESTRICTED</b>	Corporate	New Ledger Team Civica Re-Launch	120,217.52

<b>RESTRICTED</b>	Community Services - Housing Services	Supporting People	1,524,027.94
<b>RESTRICTED</b>	Community Services - Housing services HRA	HRA Earmarked Reserves	156,469.55
<b>RESTRICTED</b>	Education - Lifelong Learning	ELWA Post 16 Funding Reserve	66,414.48
<b>RESTRICTED</b>	Education - Lifelong Learning	Bwrdd Adfer Reserve	30,176.32
<b>RESTRICTED</b>	Sustainable Development	Economic Development Restricted Res	32,356.92
<b>RESTRICTED</b>	Corporate	Webcasting	9,434.00
<b>RESTRICTED</b>	Community Services /HR	SCWDP HR	65,026.17
<b>SERVICE RESERVES</b>	HOS - Economic Development		93,500.00
<b>RESTRICTED</b>	Economic & Community Regeneration Leisure	Holyhead Leisure Centre	20,000.00
<b>RESTRICTED</b>	Childrens Services - Child Placement Service	Invest to save Child Placement Service	45,420.00
<b>RESTRICTED</b>	Social Services - Adults and childrens Services	Transformation	467,510.00
<b>RESTRICTED</b>	Housing	Homeless Provision	92,700.00
<b>RESTRICTED</b>	Housing	Landlord Tenant Improvements	20,000.00
<b>RESTRICTED</b>	Housing	Affordable housing	117,500.00
<b>RESTRICTED</b>	Housing	Housing Management	110,000.00
<b>RESTRICTED</b>	Sustainable Development Planning and Public Protection	Forestry Commission	11,528.00
<b>RESTRICTED</b>	Economic & Community Regeneration	EU Projects Reserve	50,000.00
<b>RESTRICTED</b>	Economic & Community Regeneration	Major Developments	217,397.19
<b>RESTRICTED</b>	Environmental & Technical Services - Property Services - Repairs and Maintenance	Building Risk R & M	100,000.00
<b>RESTRICTED</b>	Council Business - Land charges	Land Charges computer system	16,850.00
<b>RESTRICTED</b>	Council Business - Legal Section	Purchase of new Legal Case Management System (regional)	30,000.00
<b>RESTRICTED</b>	Lifelong Learning - Education	PSBA conversion costs	38,266.74
<b>RESTRICTED</b>	Lifelong Learning - Education	Invest to save - automated online payment system for schools re meal payments	50,000.00

<b>RESTRICTED</b>	Resources	Revenues and Benefits	210,000.00
<b>RESTRICTED</b>	Lifelong Learning - Library and Information Service	Estyn Allan y Gogledd	3,448.00
<b>RESTRICTED</b>	Corporate HR	General reserve	30,000.00
<b>RESTRICTED</b>	Economic & Community Regeneration Leisure	Museums General (was orig 78)	16,314.00
<b>RESTRICTED</b>	Corporate - Finance	Development of the Civica System and associated Financial Activities	250,000.00
<b>RESTRICTED</b>	Sustainable Development	Recycling Process Income	178,248.59
	Sustainable Development	PIF Grant	12,870.64
	Sustainable Development	Highways Restricted Grants Res Forestry comm	11,528.00
	Sustainable Development	Highways Restricted Grants Res Flood Grant	50,000.00
	Sustainable Development	Highways Restricted Grants Res coastal Pat	7,552.68
	Sustainable Development	Highways Restricted Grants Res Airport CP Income	4,861.21
	Sustainable Development - Property Services - Estates & Valuation	Property Restricted Res Small Holdings	11,259.11
<b>RESTRICTED</b>	Economic & Community Regeneration - Leisure	Leisure - Golf	50,000.00



**CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL**

# **CAPITAL STRATEGY 2015**

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## **1. INTRODUCTION AND CONTEXT**

### **Introduction**

- 1.1** This document sets out the Isle of Anglesey County Council's (IOACC) approach to the management of its property assets and the allocation and management of capital resources. By effective management of property assets the Council aims to have the right space, at the right time, in the right place and at the right cost to properly support its Corporate Priorities and Objectives.
- 1.2** Primary responsibility for the Asset Management and Capital Strategy falls to the Strategic Leadership Team (SLT) and the Capital Programme Group (CPG) which are chaired by the Chief Executive and Head of Function (Resources) respectively.
- 1.3** The Council's philosophy is to maintain a strong, independent, effective and ethical local government for the people, representing all people and addressing needs. The Council will continue to provide leadership by being innovative and by vigorously representing local needs at regional and national level. We will set the pace for change, co-operation between all the public agencies and seek to work closely with the voluntary and business communities.

### **Corporate Framework**

- 1.4** The Corporate Plan 2013/2017 sets out the Council's vision for the organisation. It shows how we will get to where we want to go over the next few years. It also sets the context for the Council's services plans and individual work plans that turn this into a reality.
- 1.5** The Plan is a template for the Council but it is also an important tool to show staff, residents and partners where the Isle of Anglesey County Council is heading during 2013/2017.
- 1.6** The Council has in place a wide range of policies and rules on standards of behaviour that, together, add up to an extensive range of ethical policies governing the way the Council conducts its business.

### **Corporate Vision**

- 1.7** The Improvement and Transformation Plan sets out the Council's vision for the organisation. It shows how the Council will get to where it wants to go over the next four years.
- 1.8** The Council's Corporate Plan priorities are to:-
  - transform Older Adult Social Care;
  - regenerate our Communities and develop the economy;
  - improve Education, Skills and modernise our Schools;
  - increase our Housing options and reduce poverty;
  - transform our Leisure and Library provision;
  - become Customer, Citizen and Community focussed;
  - transform our Information and Communication Technologies.
- 1.9** The political and managerial structures of the Council are designed to facilitate delivery of key objectives to achieve these priorities. Targets underpinning the objectives are set out in the Corporate Plan. These targets are then disseminated through Heads of Service to senior managers and staff through the preparation of Service Plans and the Council's staff appraisal process. This cascading principle similarly ensures that staff are aware of how their roles fit into the overall direction of the Council.



- 1.10** In addition to the Corporate Plan priorities, the Council ensures that appropriate capital resources are directed at its existing assets to ensure that these are of good condition and to achieve best use of these assets to deliver better services.
- 1.11** In order to ensure both consistency and delivery of the Corporate Plan priorities the role of the (SLT) is pivotal to the allocation of resources.
- 1.12** When considering the draft Capital Programme and assessing relative priorities, each member of the SLT is expected to have regard to identified service priorities and Corporate Documents and Strategies, including the Asset Management and Capital Strategy, Housing Strategy, Local Transport Plan and the Medium Term Financial Strategy.
- 1.13** The SLT of the Council is:-
- Chief Executive;
  - Section 151 Officer
  - Corporate Director Sustainable Development;
  - Corporate Director Community;
  - Head of Function (Council Business/Monitoring Officer)
- 1.14** The areas of responsibility and powers of these Officers and their staff are set out in the Constitution of the Council.

## **2. CORPORATE ASSET POLICY**

### **2.1 Corporate Property Asset Objectives**

The Council holds property assets for the following reasons:-

- Delivery of service;
- Economic Development purposes;
- Revenue income generation;
- Strategic acquisition for redevelopment purposes;
- As a result of a S106 agreement;
- Heritage assets;
- Community assets;
- An extensive smallholdings estate.

## **3. PREPARING THE CAPITAL PROGRAMME AND ALLOCATING CAPITAL RESOURCES**

- 3.1** Isle of Anglesey Council is a relatively small Authority and, as such, has limited capital and revenue resources. It is vital that the Authority ensures that it has a robust decision making process to ensure that resources are allocated in the most effective way.
- 3.2** In order that scarce resources are used in an efficient and effective way, Capital Bid Forms are completed for all projects under consideration that would require capital investment. A scoring methodology for capital bids has been developed that ensures that capital resources are directed to those projects that accord well with our Corporate Plan Priorities and other relevant issues. The bidding process is explained in detail below. A Capital Bid Form is attached as Annex A.

## **Bidding Process**

- 3.3** The CPG oversees the process for assessing capital bids and preparing the capital programme. The CPG consists of the following Officers:-
- Head of Function (Resources) (Chairperson);
  - Accountancy Services Manager;
  - Capital Accountant;
  - Strategic Director (Sustainable Development);
  - Corporate Programme Manager (Transformation).
- 3.4** The CPG has the role of receiving and collating capital bid proposals, processing them and taking a draft Capital Programme forward through the approvals process. Monitoring of the approved programme throughout the year is also carried out by the CPG.
- 3.5** The annual capital bidding process incorporates Prince 2 Project Management methodology and is outlined below:-
- 3.6** Officers are asked to consider potential projects for the forthcoming five years on an annual basis. Occasionally, however, additional “emergency” projects require approval during the year; in these cases, the above procedures are still followed but over a shorter timescale, e.g. two months.
- 3.7** The CPG assesses the bids and business case of each bid. The CPG will ask officers to justify and explain any bids where necessary. The CPG prioritises the bids using evaluation criteria incorporating scoring against the Corporate Plan and other important issues and any other relevant information/priorities. Bids not scoring well may not be recommended for inclusion in the programme.
- 3.8** Based on the evaluation exercise and an assessment from Financial Management regarding the level of available capital resources and the costs of financing the projects, the CPG then draws up a draft programme that it recommends to the Heads of Service group and the SLT and subsequent to that, to the Leader/Deputy Leaders Group or to the Informal Executive meeting. The SLT, the Leader and the Deputy Leaders will discuss the proposed programme and make any changes necessary based on their view of the Corporate Plan priorities and any other issues they wish to address.

## **Option Appraisals**

- 3.9** The scoring mechanism operated by the CPG to assess potential capital schemes is based on assessing:-
- Its contribution to delivering corporate priorities;
  - The level of corporate risk that the scheme mitigates;
  - The need to do the scheme to comply with statute, health and safety requirements, DDA responsibilities or similar needs to mitigate challenge;
  - The level of external or joint/matched funding that is potentially available;
  - The favourable impact on the revenue budget or “invest to save” potential of the scheme.
- 3.10** These criteria reflect the need to focus capital resources on projects and schemes that deliver the objectives of the Authority, mitigate its major risks and provide support or reduce the financial pressures on the revenue budget. These are the key considerations to ensure that resources are focused on the primary needs of the Council.
- 3.11** In addition to these criteria, an assessment of the deliverability risk will be undertaken for each scheme, once approved (using RAG analysis), to provide an overview of the schemes’ progress against targets and to identify where revisions to targets and budgets may be needed.

**3.12** Guidelines for the scoring of each criterion are detailed below:-

### **Corporate Priorities**

**3.13** No scheme can progress to full scoring unless the Head of Service is certain that the scheme will help to deliver against the corporate priorities and is in line with the corporate objectives of the Authority. This factor will be scored on a range of 0 (no relevance to priorities) to 10 (critically important to the delivery of priorities).

### **Corporate Risk**

**3.14** This score reflects the level of risk reduction that implementing the scheme will have on the corporate risks faced by the Authority. Where possible, the corporate risk register should be referenced. Reputational risk and business continuity risk are also considered in this section. This factor will be scored using the following ranges:-

0 = No risk at all

1-3 = a low level likelihood and/or a minimal impact

4-6 = A probable likelihood and/or a medium impact

7-10 = A most likely event and/or a high level of impact

### **Compliance with statute and regulations**

**3.15** The County Council has obligations it must comply with both under statute in the provision of services and regulations, such as Health and Safety, Disability Discrimination and the requirements of the Information Commissioner.

**3.16** It is essential that these duties are discharged to avoid any challenge and potential prosecution. In a similar way to the risk management framework used for the Corporate Risk register, the level of likelihood and impact of these challenges is considered and reflected in the score.

### **Funding the scheme**

**3.17** Where external funding or potential to share funding ( and risk) to deliver the scheme is considered probable then a score subject to the level of support and the likelihood of achieving the funding is made.

0 = No funding at all, total funding by the County Council Capital funds

1 - 5 = up to 50% of the funding is likely to come from external sources or the scheme is a joint project with another organisation

6 -10 = A high level of funding and very likely to be achieved, up to 10 for fully externally funded schemes

### **The impact of the scheme on the revenue budget**

**3.18** Schemes that can demonstrate that they will mitigate pressures for the future on the revenue budget or could generate an income (invest to save) should, in the current financial position, be encouraged.

**3.19** If there is a significant effect on the revenue budget, then the scheme will score 10. If there is no effect on the revenue budget, then the scheme will score 0.

Each scheme's impact is assessed and a relevant score that reflects the revenue effects is given.

- 3.20** The identification of the potential risks of a project is a part of the capital bidding process and officers must consider all these issues when submitting a bid. Service Plans also consider any potential risks to service delivery that may need addressing and the scoring mechanism recognises projects that have been identified through this process. The bid form also factors in the risk of the project itself into the scoring process. The Capital Programme Progress Report, taken quarterly to Executive and Transformation Programme Board, also highlights any risks associated with a delay to the completion of a project.

## **Project Management**

- 3.21** All new Programmes and Projects require the authorisation of one of the three corporate *Transformation Programme Boards* to start, unless the project can meet all the following criteria (*in which case it can be authorised by the HoS and S151 Officer*):-

- can be wholly delivered and maintained within the Service's own budget;
- does not require support from another Service area (e.g. ICT, HR, Finance, Legal); and
- all risks are identified as being internal to their own Service.

This does not apply to rolling programmes of capital work e.g. school kitchen refurbishments, but will cover any new project seeking to secure capital investment from the Authority.

Good project management practice is important to the effective delivery of capital projects. Resources limited in one way or another place constraints on the work to be accomplished and underline the need for special management control - hence the need for Project Management.

The initial evaluation of proposed Capital bids will include an assessment of the robustness of the proposed project management arrangements, taken from the Project Initiation Document (PID). **Proposed schemes that demonstrate a good and well-planned project management approach will score 10; otherwise 0.**

Support for developing a PID is available from the Corporate Programme Management Office (CPMO) at [dexce@anglesey.gov.uk](mailto:dexce@anglesey.gov.uk).

## **Weightings**

- 3.22** Each of the sections above will be subject to a weighting being applied as follows:-

- |   |     |
|---|-----|
| • Corporate Priorities                    | 30% |
| • Corporate Risk                          | 20% |
| • Compliance with Statute and regulations | 15% |
| • Funding the scheme                      | 10% |
| • Impact on revenue Budget                | 20% |
| • Robustness of Project Management        | 5%  |

## **De Minimus**

- 3.23** It is usual for an authority to operate a de minimus value below which schemes will not be considered for capital funding. In view of its size, Isle of Anglesey County Council operates a de minimus value of £30,000.

#### **4. DELIVERING THE CAPITAL PROGRAMME**

**4.1** These updates, combined with the latest financial position, target dates and risk assessments for each project and a summary of the programme overall, form the report that is then made by the lead officer to the CPG, SLT and Members. A “traffic light” system is used, whereby schemes are coloured depending on their latest position as follows:-

Green = to be completed on target  
Amber = project delayed or overspend expected  
Red = fundamental problem with scheme and/or significant overspend

**4.2** The Lead Officer for each project is accountable to the CPG for the effective delivery of their project. The CPG will monitor and assess progress and compliance with the original business case and may recommend remedial action, if it considers it appropriate, to SLT. The S151 Officer will report on performance against the Capital Programme to Members including, where necessary, commentary on performance against objectives and any consequential action that would be desirable.

**4.3** Although the Council’s Capital Programme relates to assets over and above simply its land and building assets, the effective management of such assets is important and will be a significant feature of the Capital Programme. The CPG, therefore, works in conjunction with the Council’s Corporate Land and Built Asset Group (CLBAG) which has been tasked with managing and reviewing the Council’s Asset Management Plan, including the delivery of enhanced efficiency and effectiveness. The terms of reference of the CLBAG are attached as Annex B.

## CAPITAL FUNDING: BID FORM

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**PROJECT TITLE:**

**SPONSORING DEPARTMENT/AGENCY:**

**SENIOR RESPONSIBLE OFFICER:**

**SIGNED:**

**DATE:**

---

**APPROVING HEAD OF SERVICE:**

**SIGNED:**

**DATE:**

---

### **Section 1: Project Background, Strategic Context and Need**

- *Explain the background to the proposal including its relevance to strategic aims and policy objectives.*
- *Identify the key stakeholders and explain their commitment and any outstanding issues.*
- *As specifically as possible, explain the nature of the needs or demands that are to be addressed, and detail any deficiencies in existing service provision, or any statutory obligation that would be not otherwise satisfied.*
- *Include suitable quantification of needs/demands/deficiencies where possible.*

---

## Section 2: State Objectives and Constraints

- Explain and list the project objectives in specific measurable terms.
- Include quantifiable targets where possible.
- Identify any likely constraints to the project e.g. timing issues, legal requirements, professional standards, planning constraints and so on.

Project Objectives	Measurable Targets
1.	1.1 1.2
2.	2.1 2.2
3.	3.1 3.2
4.	4.1 4.2
Constraints	Measures to address constraints
1.	
2.	
3.	

## Section 3: Identify and Shortlist the Options

- Consider alternative ways to meet the objectives e.g. variations in scale, quality, technique, location, timing etc.
- Start with an initial 'long list' of options and sift them to provide a shortlist. Record all the options considered and the reasons for rejecting those not shortlisted.
- The shortlist of options should include a baseline Status Quo or 'Do Minimum' option and a suitable number of alternative 'Do Something' options (usually at least two).

Option Number/ Description	Shortlisted (S) or Rejected (R)	Reason for Rejection
1) Status Quo	S	
2)		

## Section 4: Monetary Costs and Benefits of Options

- 1) Appraisals should include *all* the costs and benefits to the council arising from the project, not just those to a particular organisation or sector e.g. all costs and benefits to the public, private and third sectors should be included.
- 2) Costs and benefits should be valued in economic cost terms, which are generally reflected by using current market prices.
- 3) All the assets and other resources employed by each option should be costed, even if they have already been purchased. This is because they have an opportunity cost value i.e. if not used in this project they could be put to an alternative use.
- 4) Calculate the Net Present Cost (NPC) for each option:-
  - Use the NPC spreadsheet and append the NPC calculation for each option to the pro forma.
  - In the simplest cases, the table below may be used instead. Create a table for each option, adjusting the no. of columns to reflect the years of the project's life.
- 5) Treat the current financial year as Year 0.
- 6) Set out the expected capital costs and annual revenue costs for each option.
- 7) Express the figures in real terms i.e. held constant at today's prices.
- 8) The checklist of typical costs.
- 9) Financial savings arising from an option will be reflected in its lower costs compared to the Status Quo. Do not double count by also including them separately as benefits.
- 10) Other monetised benefits may be taken into account but are likely to be rare in small expenditure cases. Most benefits will be covered in the non-monetary Section 5 below.
- 11) For particularly uncertain cost assumptions, consider using sensitivity analysis to illustrate how NPCs and option rankings are affected by varying these assumptions.
- 12) For more in-depth guidance, see [Step 5](#) and [Step 8](#).

Option 1: Status Quo	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Totals
<b><u>Capital Costs</u></b>							
<b>(a) Total Capital Cost</b>							
<b><u>Revenue Costs</u></b>							
<b>(b) Total Revenue Cost</b>							



<b>(c) Total Cost = (a) + (b)</b>							
<b>(Ch) Disc Factor @ 3.5%pa</b>	1.0000	.9662	.9335	.9019	.8714	.8420	
<b>(e) NPC = (c) x (Ch)</b>							
<b>Cost Assumptions:</b>							

---

### Section 5: Non-Monetary Costs and Benefits

- List and describe the relevant non-monetary costs and benefits e.g. impacts on health, education, environment, transport, equality, sustainability etc.
- Use a table such as the one below to show how each factor impacts on each option.
- Quantify the impacts if possible and highlight important differences between the options.

<b>Non-Monetary Factor</b>	<b>Impact on Option 1</b>	<b>Impact on Option 2</b>	<b>Impact on Option 3</b>	<b>Impact on Option 4</b>
<b>1.</b>				
<b>2.</b>				
<b>3.</b>				
<b>4.</b>				

---

## Section 6: Assess Risks and Uncertainties

- Identify and describe the risks that the project may face.
- Explain how these compare under the various options using the table below.
- Identify measures to ensure that each risk is appropriately managed and mitigated.
- Explain any contingency allowances included for risks in the option costings.
- More sophisticated optimism bias adjustments should not generally be required but may be relevant in some cases e.g. ICT projects or cases with significant capital costs.

Risk Description	Likely impact of Risk H/M/L				State how the options compare and identify relevant risk management / mitigation measures
	Opt 1	Opt 2	Opt 3	Opt 4	
1.					
2.					
3.					
4.					
Overall Risk (H/M/L):					

**KEY: H = high M = medium L = low N/A = Not Applicable**

## Section 7: Summarise the Option Comparisons and Identify a Preferred Option

- Summarise the main differences between the options e.g. in terms of key assumptions, NPCs, non-monetary impacts, risks and other factors.
- Identify which option is preferred and explain why.

## Section 8: Assess Affordability and Funding Arrangements

- Set out the annual capital and resource requirements for the preferred option, as per the table below.
- Figures should allow for inflation, contingencies and (where relevant) optimism bias.
- Resource figures should include appropriate allowance for depreciation/impairment.
- Identify expected sources of funding and the degree to which each funder is committed.
- Consult a finance specialist if necessary.

	Yr 0	Yr 1	Yr 2	Yr 3	Totals
	£000's	£000's	£000's	£000's	£000's
<b>Total Required:</b>					
Capital					
Resource					
<i>Allowance for depreciation/impairment</i>					
<b>Existing Provision:</b>					
Capital					
Resource					
<i>Allowance for depreciation/impairment</i>					
<b>Additional Required:</b>					
Capital					
Resource					
<i>Allowance for depreciation/impairment</i>					

Funding Body	Sum funded & % of total	Funding secured? Yes/No	If not secured, indicate status of negotiations
	£ ( %)		
	£ ( %)		
	£ ( %)		

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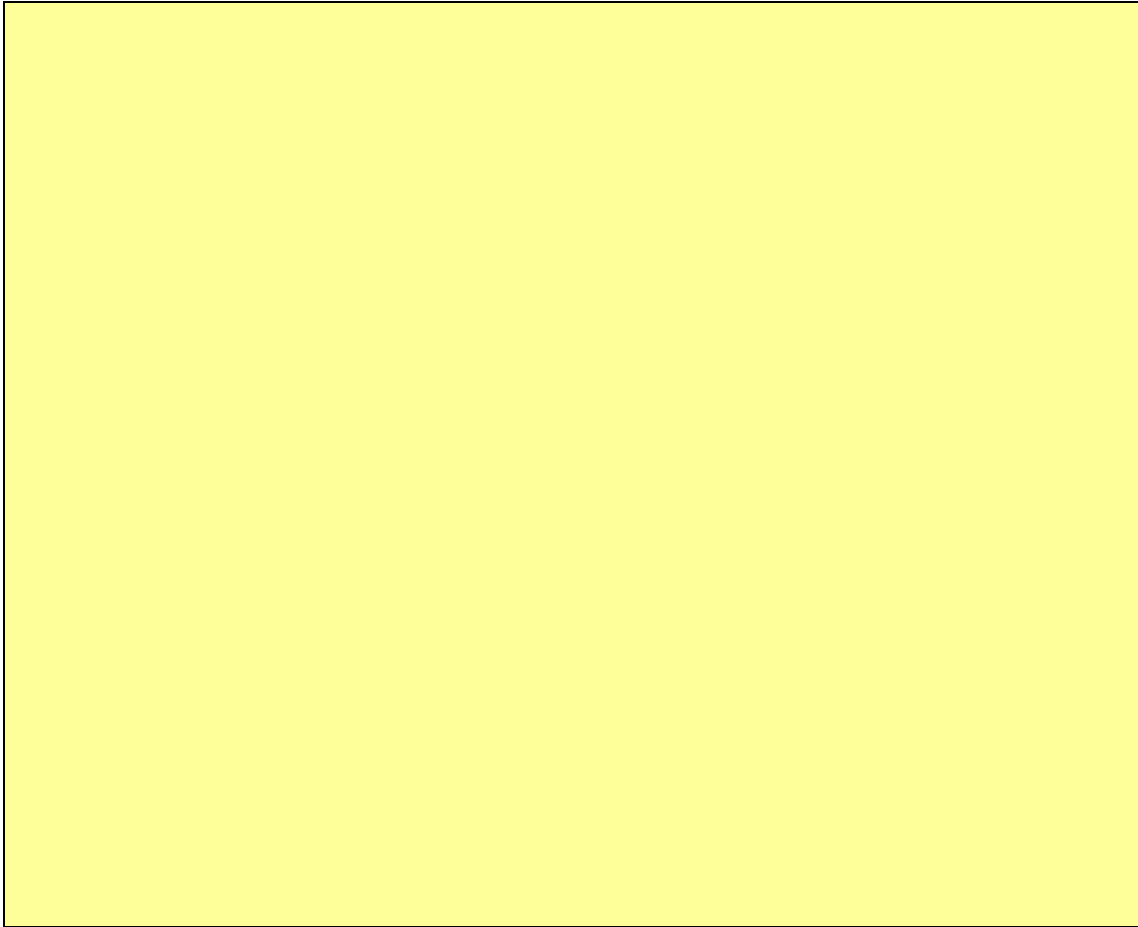
## Section 9: Project Management

- Explain the proposed project management structure (e.g. use of PRINCE 2), key management personnel and project timetable.
- Where relevant, indicate the proposed approach to procurement.
- Consider provision for benefits management and realisation.
- Identify any significant management issues e.g. legal, contractual, accommodation, staff or TUPE issues.
- Is any external consultancy support required.

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## Section 10: Monitoring and Evaluation Arrangements

- *Indicate arrangements for regular monitoring of the project's progress.*
- *State proposed evaluation arrangements e.g. when it will happen, who will do it, what factors will be evaluated?.*

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## **Main Sections of Capital Bid Project Brief Form**

### **Section A – completed for Bid SUBMISSION**

**i. Project Name, Description and Objectives**

A brief summary of the project and its objectives i.e. what is to be achieved by the project.

**ii. Justification and Reasons for the Project**

Setting out the reasons why the project is necessary and how it helps meet Corporate and Service Objectives and addresses items in the Deputy Leader's annual report. The various options that have been considered and the recommended option are also set out.

**iii. Scoring against the Corporate Plan Priorities and Other Issues**

To ensure that projects are appraised on a consistent and objective basis and are aligned to Corporate Plan priorities. Other important issues that are not specifically mentioned in the Corporate Plan are also taken into account e.g. Health and Safety and Risk Management issues. Weightings are applied to the scores with Corporate Plan priorities and statutory requirements carrying the most weight.

**iv. Cost and Funding Profile**

Estimates of the costs of the project and timing of these costs and the funding sources investigated and identified.

**v. Additional Revenue Budget Impact of the Project**

Lifetime revenue costs for the project

**vi. Consultation**

That has taken place with community groups etc.

### **Section B – completed for successful Bids**

**vii. Project Outcomes and Scope**

The expected and required deliverable/products/outcomes that the proposed project must create or acquire and the major areas, functions and processes to be addressed during the project, is that, what is "in" and what is "out".

**viii. Outline Project Plan**

The main stages of the project are set out together with target dates for their completion.

**ix. Project Constraints, Assumptions and risks**

Restrictions and expectations on time, resources, funding and/or the eventual outcome and the key risks facing the project.

**x. Outline Business Benefits/Business Case**

A brief summary of the business benefits that are expected to stem from the project.

**xi. Spend Profile**

Giving expected spend figures for the four quarters of each financial year.

**xii. Planning Permission and Building Regulations Approval**

Confirming whether or not planning permission is required and has been granted and whether Building Regulations approval has been granted. If either has not been granted the timescale for making the submission must be stated.

## Corporate Land & Built Assets Group

### Terms of Reference (draft)

The purpose of this document is to set the overall terms of reference for the *Corporate Land & Built Assets Group* (the *Group*). This document covers:

1. Context to the *Group*
2. Vision
3. Purpose & Role of the *Group*
4. *Group* Membership & Operation
5. Accountability
6. Adoption and Review of Terms of Reference
7. Governance Model

#### 1. **Context to the *Group***

The Corporate Land & Built Assets Group is an advisory high level working group that sits alongside the Corporate Capital Allocation & Review Group, considering that group's work on the capital programme and the project proposals arising from the corporate programme.

#### 2. **Group Vision**

*"We will have implemented a radical programme of building and property management projects that have revolutionised the utilisation of Council assets and supported corporate programmes to enable the transformation of key services for the public."*

*"Our estate will be integrated with our services at a corporate level, meaning it will be well maintained, fit for purpose, financially sustainable and flexible in use across multiple services."*

#### 3. **Purpose & Role of the *Group***

3.1 The *purpose* of the *Group* is to ensure, through effective and holistic management practices, the best use of the authority's land and built assets (inc. disposals).

3.2 The role of the *Group* is to:

3.2.1 Review and recommend the Authority's Asset Management Plan (which will include the Authority's asset improvement & maintenance strategy).

3.2.2 To review the full business case of programmes, projects or tasks (proposals) arising from the corporate programme and ensure each business case is in line with:-

- Statutory requirements,
- Council's agreed priorities,
- Corporate Asset Management Plan,
- Identified opportunities for shared use of assets by a range of services and service providers,
- and Contribute to improved service delivery, sustainability, cost reduction.

### **3.2.3 To challenge/review:**

- All bids for external revenue funds.
- Asset related revenue spend & project delivery on a regular basis.
- Asset related management practices within the Authority.
- Proposed asset usage and the potential for a variety of services to be delivered from sites ensuring maximum usage of Council assets.
- The potential for asset rationalisation and disposals.
- Any bids for asset acquisitions.

### **3.3 Aims of the Group**

- Ensure that projects and strategies relating to land and built assets make corporate sense across all programmes and that they maximise the benefits to service delivery and income generation.
- To ensure confidence in the disposal and purchase of land and built assets across all programmes.
- To drive change and improvement in the way land and built assets are used and managed to assist with the delivery of the Corporate Plan.

## **4. Group Membership & Operation**

### **4.1 Membership**

Director/SLT member (chair)  
Head of Function (Resources) (vice chair)  
Deputy Chief Executive  
Senior Officer (Property/Assets)  
Asset Strategy Manager

#### Group Support

Group Support Officer

Additional support will be provided by representatives of key Council departments and Programmes/Projects as required.

### **4.2 Operation**

The *Group* will meet bi-monthly in its first year review. The *Group* will be a quorate where 3 members are present, including the SLT member. Meetings will have a written agenda with members having the opportunity to propose agenda items in advance of the meeting. All meetings will have concise minutes taken consisting of a summary record of key discussion points, decisions and recommendations reached, and actions agreed and an action log will be maintained by the *Group* Support Officer.

### **4.3 Reporting**

The *Group* findings will be reported to relevant *Programme Boards*, the Capital Allocation & Review Group and other boards/groups as discovered necessary.

The *Group* will report annually to SLT/Penaethiaid early in the new financial year on the business of the previous year, this report will include the updated Asset Management Plan.

### **4.4 Information sharing**

The *Group* will be advised by the *Corporate Programme Manager (CPM)* of business cases (and other asset related bids where appropriate) which may need the scrutiny of the *Group*. The CPM will also supply information on the progress of previously sanctioned projects.



The *Group* will be advised by the Head of Function (Resources) with up to date information on project spend, and revenue budget spend (as they relate to asset management). In addition, the Senior Officer (Property/Assets) will provide updates on the progress of current revenue related activities.

## **5 Accountability**

### **5.1 Decision Making**

In broad terms, decisions within budget and within the policy framework shall fall within the remit of the Executive, and matters relating to staff / management issues will fall to the SLT.

### **5.2 Urgent Matters**

In the event that urgent matters require the attention of the *Group* outside of the schedule of meetings, the *Group Support Officer* will raise an '*Issue*' via e-mail to all *Group Members*, which will include the following detail:

- the nature of the matter;
- the time constraints;
- the consequences if not addressed within the time constraints;
- the proposed mitigating actions for the Group to consider; and
- the date that *Group Members* are required to respond.

The responses will then be considered by the *Chair* and *Vice-Chair*, who will then agree and inform the *Group Members* and the *Group Support Officer* of the recommended course of action. It is the responsibility of the *Group Support Officer* to seek advice from the *Corporate Programme Manager* and ensure he/she is kept informed.

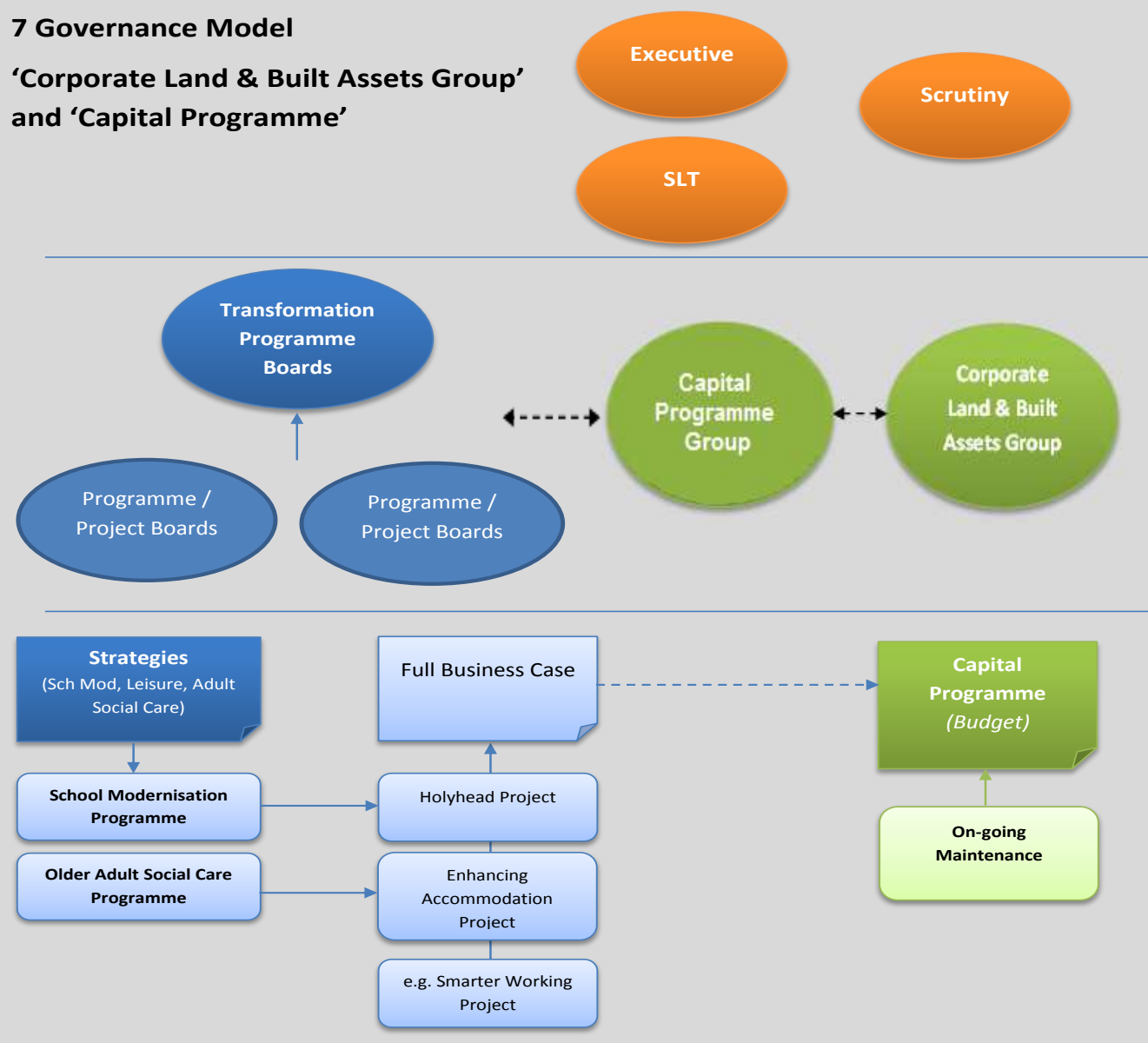
## **6 Adoption and Review of Terms of Reference**

These Terms of Reference will be reviewed and finalised at a meeting of the *Group*.

These Terms of Reference will be reviewed initially quarterly, moving to annually.

### 7 Governance Model

#### 'Corporate Land & Built Assets Group' and 'Capital Programme'



**Executive**  
Overall authority and oversight. Escalation from the *Transformation Programme Boards* as per the Constitution & Scheme of Delegation

**Transformation Programme Boards** - Realise the benefits of the Transformation Plan. Ensure programme/projects are managed and delivered. Prioritisation and allocation of funding.

**Programme/Project Boards** - Governs the individual Programme/Projects, reporting progress to the assigned Transformation Programme Boards.

**Corporate Land & Built Assets Group** - holistic management to ensure the best use of the Authorities' assets (inc. disposal) – monitoring of large accommodation schemes.

**Capital Programme Group** – (based on Business Case requests) allocating the Capital Budget in the short, medium & longer term and reviewing the spend.

**Capital Programme (Budget)**  
The record of the Authorities' capital budget

**On-going Maintenance**  
The planned and unplanned maintenance of assets

**Strategies**  
The strategic direction for the Service over a medium to long-term

**Programmes/Projects**  
Delivering complex change in response to the Strategy

**Full Business Case**  
Details the viability of the change and identifies a preferred option

**Medium Term Financial Projection****Welsh Government - Revenue Support Grant -4.5% (Reduction) Yr 1 -3% ongoing****Council Tax +4.5% Increase Yr 1 and 3% ongoing**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>Current / Revised Spending Levels B'fwd</b>	<b>124,646</b>	<b>121,856</b>	<b>119,438</b>	<b>117,853</b>
<b>Pressures:</b>				
Employees Pay Award 2% (1% recurring year after)	1,100	705	715	720
Cost Increases - Inflation 1.25% and 1% recurring	1,000	790	800	805
Demographic Changes	500	500	500	500
Council Tax Reduction Scheme	200	200	200	200
Returned Growth Bids	-300			
<b>Revised Spending Levels C'fwd</b>	<b>127,146</b>	<b>124,051</b>	<b>121,653</b>	<b>120,078</b>
<b>Financed By:</b>				
Welsh Government	88,783	86,119	83,535	81,029
Council Tax	32,348	33,319	34,318	35,348
Outcome Agreement Grant	725	0	0	0
<b>Total Funding</b>	<b>121,856</b>	<b>119,438</b>	<b>117,853</b>	<b>116,377</b>
<b>Shorfall of Funding required to balance the budget</b>	<b>5,290</b>	<b>4,612</b>	<b>3,800</b>	<b>3,701</b>