

DRAFT

# Capital Strategy 2007



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## Introduction

The aim of the Capital Strategy is designed to ensure that all our capital assets and resources are utilised as effectively as possible to address the priorities for Darlington as set out in the Community Strategy.

The Capital Strategy sets out the Council's key priorities and shows how the Planning Framework translates those priorities into detailed plans. It sets out our capital spending priorities over both the medium and long term and our approach to how those spending priorities will be funded. It also sets out how we will use Partnership working to help us to achieve our objectives. Finally it looks at how the Capital Programme will be set, managed and monitored.

## The Council's Key Priorities

'Where quality comes to life' - A Community Strategy for the future of Darlington was adopted by the Council and Local Strategic Partnership in March 2003. The Council shares with its partners the vision adopted as part of that process. There are four themed visionary goals that together our community will expect and strive to achieve.

- An area creating and sharing prosperity- enhancing our economy and sharing the benefits with all our community.
- a location for learning, achievement and leisure - raising aspirations and attainment, promoting creativity and leisure.
- a place for living safely and well - reducing crime, making people feel safer and improving health.
- a high quality environment with excellent communication links - making the most of our heritage, market town appeal and location.

The key priorities of the Council and its partners in working towards this vision is through eight connecting themes these are

- Improving the local economy
- Promoting inclusive communities
- Raising educational achievement
- Stimulating leisure activities
- Promoting community safety
- Improving health and well being
- Enhancing the environment
- Developing an effective transport system

Whilst it is intended to move forward in all areas the adopted shared priorities are:-

- Improving the local economy
- Raising educational achievement
- Promoting inclusive communities

Efforts will be targeted specifically on three important groups of residents; children and young people, older people and those living in the most deprived wards.

## Darlington's Planning Framework

Darlington's plans have been developed through a combination of top-down and bottom up planning. The former identifying the 4 visionary goals set out above. The bottom up approach involving 24 broad service areas each considering their drivers for change such as Government Policy, local factors, performance levels and customer views etc.

The Capital Strategy exists within a framework and hierarchy of plans and strategies:-

- The Community Strategy at the highest level articulates the vision and sets out the shared aspirations of all partners in securing outcomes for Darlington communities. This was produced by the Darlington Local Strategic Partnership (LSP).
- Leading Edge, the Corporate Plan, provides the link between the Community Strategy and how the Council as a service provider contributes to the longer term social, economic and environmental well being of the area. It provides an annual assessment of our performance against our aims, priorities and targets at a corporate level and our contribution to the Community Strategy goals.
- Statutory Plans and Strategies, of which this is one, reflect the breadth of services the Council provides or has involvement in, and which develop aims into specific spending programmes, targets and actions.
- Departmental and Service Plans are created annually to convert operational business plans into individual services. They provide a coherent framework of planned activity against objectives and allowing for the appraisal of staff against agreed team goals and individual targets.

## A new approach to Corporate Planning

The authority has signalled its intention to become a more inclusive and engaging authority by agreeing to its first Community Engagement Strategy "A Bigger Say and a Better Deal for Communities" in April 2007. This new approach identifies a number of key plans that need to be in place by 31st March 2007. This new approach identifies a number of key plans that need to be in place by 31st March 2007.

- A new **Sustainable Community Strategy** - setting out a long-term, sustainable vision for Darlington's future that meets the diverse needs of its existing and future residents, improving their quality of life and safeguarding the prospects of future generations
- **A new Local Area Agreement** – a three-year 'contract' between the Darlington partners and government to deliver on particular priorities set out in the sustainable community strategy, and a key vehicle for the Council's new role in 'place-shaping'. The Council and its partners will identify up to 35 improvement targets from a national indicator set of 200 for inclusion in the agreement, whilst also remaining focused on the delivery of the current Local Area Agreement due to end in March 2009
- A **Multi-Area Agreement** for the Tees Valley – the Council will be working with the other Tees Valley authorities to develop and deliver on agreed strategic proposals for economic development, housing and transport
- Refreshed **Service Planning Arrangements** – to ensure that internal planning arrangements are aligned with the new emerging strategic context and effective in delivering against new priorities
- The **Corporate Plan** – evolving in 2007 to reflect the changing strategic context, a new administration and in the light of stakeholder feedback, the new plan has a greater emphasis on the top corporate priorities, giving a clear articulation of the key goals to be extrapolated in department and service plans
- The **Medium Term Financial Plan** – a single Corporate Plan and MTFP will be produced for the first time this year
- **Leading Edge Organisational Strategy** will continue on developing the strands of the new Organisational Development Strategy
  - Influencing Public Services
  - Champion for the interests of the citizen
  - Promoting Darlington and the Borough Council
  - Providing Public Services

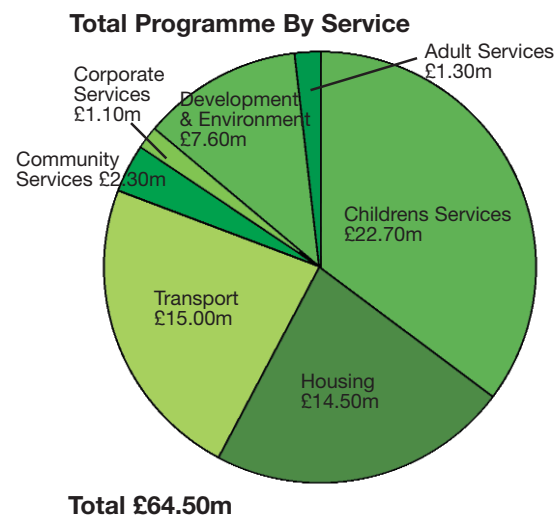
## Consultation

The plans and strategies above have been subject to widespread public consultation which includes partners, local people, businesses and service users. The key methods of consultation include focus groups, stakeholder conferences, participatory appraisal exercises, Citizens' Panel questionnaire, public meetings, advertising features, reply slips, flyers and postcards. These arrangements are reinforced by service led consultation on specific issues, through community engagement and our detailed links with partners. Information on all of these sources is fed into the Capital Planning process via programme bids. Capital Spending on CCTV and Parks and Cemeteries are examples of projects prioritised by community and stakeholder views. However, as commented earlier the authority has signalled its intention to become a more inclusive and engaging authority by agreeing its first Community Engagement Strategy "A Bigger Say and a Better Deal for Communities" in April 2007.

This Strategy has been developed within a planning framework in which stakeholders have a strong investment. The LSP and Community Strategy gives greater breadth and depth to stakeholder and community involvement. This is reflected in our capital planning as an integral component of the framework. These arrangements support both input and feedback, so we are confident that, now and in the future, there is widespread understanding within the community of our financial constraints and the impact on the community wishes. Through a statistically representative annual community survey the authority assesses whether citizens see progress being made against priority areas and charts their satisfaction with individual services. The Capital Strategy itself is exposed to public examination through the Resources Scrutiny Committee.

## Capital Spending Priorities

The Capital Strategy covers all areas of the Council's capital programme, which in total for 2007/08 is around £64.50m, which includes Childrens Services £22.70m, Transport £15.00m and Housing £14.50m. Other capital schemes relate to Community £1.10m and Regeneration £7.60m. Schemes approved within this programme have been assessed against the Community Strategy and Corporate Plan and included in the Medium Term Financial Plan for Capital



The eight connecting themes of the Community Strategy and the principal blocks of capital investment, which contribute to them, are: -

|  |  |
|--|--|
| Improving the Local Economy              | Transport, Regeneration  |
| Raising Educational Achievement          | Children's Services  |
| Promoting Community Safety               | Culture and Leisure, Tackling Crime and ASB                          |
| Enhancing the Local Environment          | Regeneration, Culture and Leisure                                    |
| Promoting Inclusive Communities          | Housing, Adult Services, Culture and Leisure, Tackling Crime and ASB |
| Stimulating Leisure Activities           | Culture and Leisure  |
| Improving Health and Well-being          | Adult Services   |
| Developing an Effective Transport System | Transport  |

In addition to the core capital programme, resources are secured from external sources, including the Regional Single Programme and Local Area Agreement, which contribute to funding across all eight themes.

The Council recognises that there is not always a directly proportionate link between service improvement priorities and capital expenditure. By their nature, some service areas are more capital-intensive than others. This is reflected, for example, in the relatively high proportion of the Council's overall capital investment in Housing. The Council does, however, use a priority-based scoring mechanism to influence the allocation of capital resources to services.

**Housing** - maintaining Council housing, including works to ensure properties meet the 'Decent Homes Standard' requires investment of £104.700m over 30 years and £27.300m over the next 5 years; maintaining the external fabric of Council houses requires investment of £16.300m over 30 years and £9.800m over the next 5 years; tackling unfitnes in private sector housing and providing disabled facilities requires investment of £34.300m over 30 years and £7.500m over the next 5 years; and improving the environment of estates and communities requires investment of £9.500m over 30 years and £2.200m over the next 5 years. Finally in order to deliver disabled adaptations for council tenants, we will need to invest £8.300m over 30 years and £1.400m over the next 5 years. Further details of capital investment in housing can be obtained from the Housing Business Plan, which is available on request from [housing@darlington.gov.uk](mailto:housing@darlington.gov.uk)

**Children's Services** - capital spending sits at the centre of the Council's drive to raise standards and the long term aim of enabling every child to be able to attend a Darlington school, designed and built for the twenty first century. The key driver for capital spending decisions in education being to raise educational standards by delivering modernisation projects through joining up available funding streams from a variety of sources, thereby offering best value. The Council is undertaking a £14.541m project for the refurbishment and partial rebuild of Hummersknott School and Language College. Construction works on this exciting project are due to start this summer with an estimated completion date of September 2009. An additional capital bid to the DfES for Carmel Technology College for a £10.000m project to remodel and refurbish the school was also successful and this project is nearing completion. Scheduled opening of these new facilities is early 2008.

The designs have been developed for the £2.000m refurbishment project, which will see the Pupil Referral Unit relocated into the former Rise Carr Primary School buildings. Construction is due to start in July this year with a scheduled completion of March 2008. A new school to replace Cockerton CoE Voluntary Aided Primary School is also being constructed and should be completed in early 2008.

The Authority is utilising a capital funding allocation of £1.299m across two financial years, 2006/07 and 2007/08 directed towards the delivery of the Ten Year Strategy and towards supporting Primary schools to develop extended schools services as set out in the Extended Schools Prospectus. The funding is being used to continue to develop the network of Children's Centres, Extended Schools, and sustainable early years and childcare provision (including the three and four year old offer).

In June, a proposal to establish a Church of England Academy to replace Eastbourne Comprehensive School, was submitted to the DfES by the Diocese of Durham, David and Anne Crossland and Darlington Borough Council. Following approval by the DfES of the Expression of Interest, a feasibility study has now been completed and a Funding Agreement secured to provide a new building due to open in 2009. In the meantime the Eastbourne Church of England Academy will open in the existing school buildings in September 2007. During the summer, works will be carried out to enable the academy to deliver its innovative and exciting new curriculum.

Work is also currently underway to build a new hall at the Federation of Abbey Schools. Funding for this project is as a result of a bid to DfES to support collaborative projects between schools, particularly those establishing federations.

The DfES recently announced a new primary school capital investment programme, The Primary Capital Programme (PCP), which aims to renew or replace 50% of all Primary schools nationally over a 15-year period. All authorities should receive formulaic funding commencing in 2009/10. We are awaiting confirmation of Darlington's allocation and have been advised by DfES that this will be announced in the Autumn. This is to remodel/refurbish/replace as necessary up to 50% of our primary school estate though as a forward thinking authority we have already substantially invested in the primary school estate. In the meantime Darlington was selected as a Primary Capital Programme Pathfinder and secured an additional £6.5m to replace North Road

Primary School. This funding will be provided in 2008/9 and consultation with partners has commenced.

Additionally, in 2007/8 the Authority funds the capital maintenance and improvement of schools from formulaic capital allocations received from the Department for Education and Skills (DfES). In 2007/8 this amounts to just over £1.8m and is targeted to meet the highest priority needs as agreed in schools Local Asset Management Plan Agreements (LAMPAs).

**Transport** - As in previous years, the Council will use capital finance allocated by the Department for Transport (DfT) to improve the local transport network as set out in the Second Local Transport Plan (2LTP). This work is co-ordinated with that using capital finance allocated by Cycling England as a Cycling Demonstration Town and the capital element of the Road Safety Grant allocated by the DfT.

In 2007/08, the Council will continue to focus transport investment on corporate issues of key concern, including traffic congestion and supporting the local economy. It is also continuing to invest to achieve the core targets that it has set itself, especially those on road safety, accessibility and bus patronage.

The sum of £11.963m allocated through the 2LTP will be spent as follows:

- a. **£9m** to continue the construction of the Darlington Eastern Transport Corridor (DETC), a new road and cycleway designed to support the economic regeneration of east Darlington by providing new links to the A66(T).
- b. **£1.281m** on maintaining roads, pavements and bridges based on annual surveys of local condition compared to nationally set standards.
- c. **£1.682m** on improving travel for all types of transport – from walking to the private car. Priorities for investment include further residents' parking zones, improving road safety on the A68 and more safer routes to school. Part of the money will be spent on preparing and consulting on future schemes for delivery from 2008/09 onwards.

These schemes include the traffic calming of Haughton Green after the opening of the DETC, thus locking in the benefits for local people.

Co-ordinated investment will be made using capital finance allocated by Cycling England and via the DfT Road Safety Grant. The sum of £0.45m match funding from Cycling England will be spent on further improving travel conditions for cyclists, with some schemes also benefiting pedestrians. Typical schemes include route improvements along Abbey Road (benefits to successful Safer Routes to School work at Abbey Infant & Junior Schools) and the provision of Toucan crossings such as that proposed at Brinkburn Road and Major Street. It is currently proposed that the Road Safety Grant money is used schemes such as the purchase and installation of more SpeedVisor displays around the Borough.

**Adult Services** - Any capital spending must link to service development and configuration needs as identified in service plans. These developments will be progressed in partnership with other agencies (particularly Health Agencies) to provide services which enable integrated, flexible and person-centred care to best meet the needs of service users. The priority for 2007/08 and beyond is the continued reconfiguration of the day care services for people with a learning disability (£0.500m over 3 years which commenced in 2004/05). This is a time of significant change for Social Services and it is possible that priorities may change dependant upon service reconfiguration proposals and changing models of care. The priorities will therefore continue to be reviewed annually.

**Regeneration** - The Council is currently delivering a number of regeneration projects as part of the Darlington Gateway Project. Research into the next phase of the Darlington Gateway has identified the Parkgate/town centre fringe as the next potential area to be prioritised for regeneration and will be subject to a feasibility and master planning exercise. Darlington Gateway recognises the following areas for development:

- **Employment Generators** – Further development of key employment sites to provide modern accommodation capable of attracting new businesses to the Tees Valley and space for indigenous businesses looking to expand. These include sites at Central Park (Haughton Road), Morton Palms, Faverdale East Business Park and Lingfield Point. Investigations will be started into the feasibility of Faverdale as a major logistics park.

- **Improving the Visitor Experience** - Providing a first class environment capable of attracting visitors and investment, with a range of quality retail and cultural opportunities. The development of a high quality environment will be crucial in supporting the range of planned site developments. The key element of this will be the extensive town centre works carried out under the Pedestrian Heart scheme.
- **Physical Gateways** - Environmental improvements to the key entry and exit points to the western end of the Tees Valley, to ensure a high quality physical gateway including improvements to radial routes, key corridors and entry points to Darlington including the Eastern Transport Corridor
- **Tourism and Heritage** - Development of key assets in Darlington to preserve and enhance the unique visitor experience and increase the economic impact of tourism, the first phase of the development of the Darlington Railway Centre and Museum will be completed by April 2008, railway heritage tourism packages and a co-ordinated programme of cultural and educational events.

Pedestrian Heart is a major regeneration project for the Town Centre, which was completed in June 2007. It will improve the access provision and enhance the environmental quality and economy of the town centre.

Detailed research has been undertaken to identify regeneration priorities for Darlington once the major projects currently underway are completed. "Taking Forward the Darlington Gateway" has identified these priorities and is informing higher-level strategies such as the Sustainable Community Strategy as well as future funding plans.

- **Culture and Leisure** - Refurbishment of the Railway Centre and Museum £1.850m is underway, which will include the completion of the roof and other fabric repairs including building services and amenities. There will also be a programme of internal relocations and reinterpretation to make better use of space.

Furthermore, £1.360m is being spent through the Local Area Agreement. This capital funding will be divided between four elements: Pride and Street Champions, Young Caretakers, Parks for all and Area Based Community Engagement. These will include physical improvement to local communities and environmental projects. Details of these and other priorities for the Council's assets can be found in the Asset Management Plan.



## Funding Sources

There are four main funding sources for Capital projects

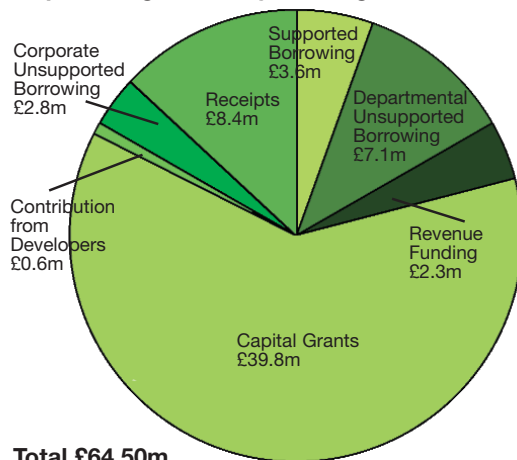
### External Grants and Conditions

Borrowing, both supported by Central Government whereby they provide the council with revenue resource to pay borrowing costs, and unsupported through the Prudential Code for Capital Expenditure in Local Authorities

### Capital Receipts and Revenue Funding

The vast majority of the Capital Programme is financed from earmarked resources direct from central government and these are in the form of supported borrowing or government grants. These resources are targeted at specific services, principally Housing, Children's Services and Transport.

**Capital Programme By Funding Source**



The Capital programme is then supplemented with Capital Receipts generated from the sales of the Council's surplus assets. Revenue resources can also be used, however revenue budgets are under increasing pressure and there are no proposals to make significant revenue contributions.

Before the introduction of the prudential capital regime the level of discretion that the authority had in determining its capital priorities was limited to projects funded from capital receipts and any areas of the single capital pot which do

not relate to Housing, Children's Services and Transport.

The introduction of the prudential capital regime on 1st April 2004 has allowed the Council to borrow without approval from central government. The Capital Medium Term Financial Plan approved in

March 2007 includes £2.800m of prudential borrowing to supplement the Council's own Capital Programme. However, the principal repayments and interest are not supported by central government through the Revenue Support Grant and must be borne by the Council Tax payers.

The introduction of the prudential capital regime has also enabled the Council to commence a number of Invest to Save schemes such as the refurbishment of the Dolphin Centre, Highway Improvements and the purchase of Vehicles and Equipment which would have formally been leased. Invest to save schemes, which are approved on a business case, can also benefit the authority by creating additional income over and above those required to cover financing costs and so contribute to Gershon efficiency savings in future years.

The Borough Council where possible seeks to access funding from other sources for capital projects. In recent years it has been successful in obtaining capital monies from a number of sources both in the form of capital grants and other contributions including the National Lottery, Regional Single Programme, Education Targeted Capital, European Union Grants and contributions from developers.

The authority's External Funding Guide aims to improve the Council's approach to external funding by promoting good practice, outlining new procedures and raising awareness of possible funding streams. It should also prevent competing bids being developed.

The Borough Council will continue to consider public private partnerships including the Private Finance Initiatives (PFI). The new Educational Village at Haughton opened in April 2006 is being financed through a PFI with our partners in the project Kajima. The capital cost of the new Academy at Eastbourne will be met by Central Government.

The Council recognises the changing pattern of service delivery and limitations on traditional capital investment and looks to innovative solutions in the future.

## Partnership Working

Darlington Partnership is the Local Strategic Partnership (LSP). The Council has established a Community Partnerships Section within the Community Services Department. The team is developing partnership work at a local level, with residents, tenants associations and community partnerships, promoting capacity building to support regeneration initiatives. This level of work is supported by the consultative arrangements and forums established by the Council and discussed on page 15 of the Community Strategy. Secretariat arrangements for the LSP have been strengthened through the appointment of a chief executive and extended team.

The Council continues to work with partner agencies covering the Darlington and Co. Durham area. Significant areas of work include Youth Offending and Community Safety, Health and Social Services initiatives, Waste Disposal, and components of Children's and Highways services. Partnership work has also entailed undertaking joint Best Value reviews.

Youth Offending and Community Safety is a partnership service with staff and resources from the Council, Police, Probation and Health services. Similarly Adult Services and the Primary Care NHS Trust provide an Integrated Service with pooled budgets for Learning Disability. Community Mental Health now operates as an Integrated Service and has had formal status from 2002.

In addition the Council now has in place a Local Area Agreement (LAA), which is about improving lives of young people in Darlington. An LAA is a three-year agreement between the Government and a local authority, which commits it to work with its partners to improve services. Darlington's first LAA involves public and voluntary sector organisations in the Borough, the regional Government Office North East and the Government.

The LAA commits the Council and its partners to use funding in innovative ways to improve the lives of children and young people and, in turn, benefit the whole Darlington community. Part of the funding received is for capital projects with £1.360m available in 2006/07-2007/08.

The Council's principle sub-regional orientation, however, is now towards the Tees Valley. The five Tees Valley authorities are statutorily linked as structure planning authorities. They sponsor the Tees Valley Joint Strategy Unit to deliver structure planning and provide research and information. They jointly sponsor the Tees Valley Urban Regeneration Company to spearhead inward investment. This company was set up, with One North East and English Partnerships, to facilitate major regeneration and economic development projects. In Darlington these developments include Central Park at Haughton Road. The work of these various joint arrangements is being co-ordinated by a multi-sector Tees Valley Partnership and will be guided by a long-term strategy for the sub-region prepared by the Partnership, the 'Tees Valley Vision'. Other joint ventures with One Northeast include Morton Palms and Faverdale East Business Park.

Building on the success of this strategic working, the Tees Valley will be taken to another level through the submission to Government of a Tees Valley City Region Business Case for Delivery and the proposals for a Tees Valley Metropolitan Economic Partnership. These submissions will help shape the next Comprehensive Spending Review.



## Procurement

In September 2004 Darlington adopted a revised Procurement Strategy, since the adoption of this strategy the authority have achieved a number of actions: -

- Worked closely with Economic Regeneration to deliver a number of e.Procurement workshops to assist local small to medium sized enterprises to engage with the authority electronically.
- Published a guide to 'Doing Business with the Council' on the Council's website.
- Published a contract log on the website containing all the details of the Council's current contracts;
- Developed a Code of Practice for officers involved in procurement.
- Developed a Code of Practice for Equalities in Procurement.
- Worked closely with and contributed to the work of the Regional Centre of Excellence.
- Achieved savings through improved contractual arrangements.

However the increased emphasis the Government has placed on procurement through the National Procurement Strategy and the new Corporate Performance Assessment, necessitate the need to further review procurement within Darlington to ensure we consistently get best value for money. The implementation of the Procurement Strategy is now seen as a major project within the Leading Edge Programme and as such is being managed using Corporate Project Management Methodology. The Procurement Project is designed to look at the whole of procurement across the authority, from identifying service need to the payment of invoices and everything in between. The objectives of the project include streamlining procurement working practices, reducing inefficiency and waste to a minimum and identifying savings to be realised through more efficient procurement practices, which can then be channelled into priority services.

## Managing and Monitoring the Capital Programme

### Role of the Asset Management Group

The Asset Management Group (AMG) co-ordinates the Capital Strategy as well as the Asset Management Plan (AMP), Accommodation Plan and Land & Property Strategy (deals with surplus assets). The group is chaired by a member of the Corporate Management Team (CMT) and includes senior managers some at Assistant Director level from all departments. The group reports routinely to CMT. It approves external funding bids to proceed to other processes. It also recommends capital spending proposals, reports progress and outputs from the Capital Programme and any significant issues on programme variations or slippage, through CMT to Cabinet.

The group's capital planning role includes assessing capital bids for resources and recommending a prioritised programme to CMT and Cabinet, and monitoring the delivery of projects in terms of both outcomes and performance. This role embraces all capital spending including the service-specific funding programmes.

The AMG is responsible for co-ordinating capital spending proposals with the high level view of needs and resources and working with the Corporate Management Team, Resources Scrutiny Committee and consultees before submitting recommendations to Cabinet.  
Setting the Capital Programme

This Strategy sets out the Council's overall approach to capital planning. The Medium Term Financial Plan for Capital (MTFPC) sits alongside the strategy to provide the mechanism for planning capital needs over a 3-5 year period, prioritises spending proposals and dovetails with the AMP. The Council has also adopted a medium term planning framework for revenue. Both the MTFPC and the Medium Term Financial Plan for Revenue are updated on an annual basis.

Medium term capital spending needs are identified by departments from service and operational plans. The multi-year scope of the MTFPC also allows a high level view of capital requirements arising from the Community Strategy and the Council's corporate objectives to be compared with medium term projections of capital resources.

The planning cycle sets out the process for prioritising options and proposals. High level assessment includes consideration of whether the need for investment is great enough to justify outsourcing, PFI, joint working or other forms of procurement, and analysis of the available options (including doing nothing). A scoring system for detailed assessment and prioritisation of capital projects has been developed to reflect our capital strategy. This has been further refined to include recognition of the Council's Strategic Priorities areas as included in the Corporate Plan 2006-09.

Bids arising from services for additional capital funding are referred to the Asset Management Group for assessment in relation to community and corporate priorities, capital needs, and implications for our existing capital as well as revenue resources.

In prioritising spending proposals the scoring mechanism gives due weighting to proposals which trigger or influence financial or other inputs by partners, funding bodies or other agencies in support of corporate and community objectives. Community Safety Partnership provides an example of spending that influences partners.

The revenue implications of capital schemes are assessed as part of the scoring/assessment process and in accordance with the Revenue MTFP. Management plans are required for all short-listed schemes, summarising the running costs to be financed through revenue budgets. The costs to be covered include management and staffing, utilities, insurance, telephones, maintenance, cleaning and general running costs. The Asset Management Group may require comparisons with similar previous schemes within the authority, and elsewhere in other authorities and the private sector.

These Whole Life Costing and Option Appraisal implications have been incorporated into the capital bidding process so the Council can consider not only the initial capital costs but the operational costs for the lifespan of a project.

The Council's capital assets are valued at £411 million. A key strand of the Capital Strategy is to ensure that these assets are kept in good repair and fit for their purpose. Where this requires capital expenditure, the Asset Management Group assesses proposals as a component of the capital programme cycle.

### **Monitoring of the Capital Programme**

Monthly monitoring reports for the Capital Programme are submitted to Corporate Management Team (CMT) and quarterly reports are submitted to Cabinet. Resources Scrutiny Committee monitors the progress of capital schemes through quarterly reports and contributes important challenges to the process, being independent of Cabinet and officers.

Spending profiles are required for all prioritised schemes and a sponsoring officer is appointed. The officer reports progress to departments involved in the project and the AMG. Any deviation from the projected spending profile can then be addressed.

Completed projects are monitored and evaluated approximately six months after completion by the project team and the client to check conformity with the original brief and the relevance of the brief to delivery of the desired outcomes.

As part of Leading Edge, Capital Project Management has been identified as a risk which lies above the Council's appetite for risk. In order to reduce that risk, the Council has implemented a Project Initiation Document to enable effective capital project methodology to be put in place. This project should be complete by June 2008.

Within the framework of the AMP, the AMG monitor and review the use of capital assets, including operational accommodation, and assess current usage against operational needs identified by services. Assets considered surplus to operational requirements are then dealt in accordance with the procedures document in the Asset Management Plan. A fundamental review of operational accommodation concluded in the summer 2006 ref. Accommodation Review.

## Performance Management

Asset Management was the subject of a Best Value Review that started in July 2001. The review took a comprehensive approach to the development of asset and property performance indicators, within the corporate Performance Management Framework (PMF). The current state of development of measures, data and comparisons, and the way in which the PMF delivers regular monitoring and reporting of performance at all levels of our planning hierarchy is documented in the Asset Management Plan.

Performance monitoring of some buildings and assets has led to schemes being placed in the Capital Programme. This is particularly the case when considering the energy efficiency of buildings e.g. school boiler replacement following these works unexpected schools closures in the winter have been dramatically reduced. Performance management data is also used in the Local Transport Plan directing funding to schemes that will reduce accident statistics.

Performance management of our assets is reported to stakeholders via Cabinet on an annual basis. This ongoing development of our performance management arrangements will include measures for the delivery of capital projects to underpin the appraisal process. The local measures of suitability and sustainability introduced in the Asset Management Plan will, once fully established, be applied specifically to new building projects, as will the local stakeholder/user satisfaction measures, as part of the appraisal process.

With regard to property benchmarking, the Council is a member of the National Best Value Benchmarking Scheme for property and design, the Association of Chief Estates Officers property benchmarking group. The Council is also a member of the IPF Property benchmarking group. The Council is committed to participating in benchmarking groups in order to provide a comprehensive range of comparisons of its capital projects and property performance.

The Council's Children's Services Asset Management Team has pioneered the use of LAMPAs - Local Asset Management Planning Agreements - to provide medium-term prioritised programmes for school improvement, agreed between heads/governors and Children's Services Education Service, and incorporating agreed objectives, outcomes and performance measures for the improvement of the school. This mechanism ensures the best use of overall resources available and avoids undertaking work on schemes that are not seen as priorities, simply to utilise specific funding schemes. The feasibility of adopting this approach for corporate operational assets, incorporating performance measures tailored to the individual asset/service unit, is being considered.

## Disposal Strategy

Capital receipts from the Sale of Council Land and Property is a significant source of capital funding. The MTFP's projection for capital receipts from 2007/08-2010/2011 is £15.00m. However the Council now has a diminishing number of sites that can be brought forward for disposal. Many of these remaining sites are high risk and can take a number of years to come to completion. In order to ensure maximum flexibility in the use of this source of funding, these receipts are held corporately. However, it has been custom and practice over a number of years that any retained receipts due from the sale of Right to Buy Houses and other buildings previously used for housing purposes would be ringfenced for use by Housing. Any other applications for ringfencing of a receipt would be subject to a Cabinet report.

## Summary

The Borough Council aims to manage the capital programme effectively so as to ensure that the people of Darlington achieve maximum benefit from capital investment and the Council's asset holdings.

The extent to which progress is made against priorities set out in the Capital Strategy will ultimately depend on affordability. The availability of capital grants, supported borrowing and other sources of finance including the affordability of prudential borrowing will be critical.

