

Oldham Council

**Capital Strategy
2016/2021**

Capital Strategy 2016/21

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1 **Aims of the Capital Strategy and its Links to the Council's Corporate Property Strategy and Budget Framework**

The overarching aim of the 2016/21 Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered. It has been prepared to cover a five year time-frame from 2016/21. Recognising that there is some uncertainty, especially in relation to funding in later years, the Strategy therefore focuses on 2016/17 and 2017/18 in detail. Investment plans are driven by the Council's Corporate Plan, the last refresh of which was approved at the Council meeting of 20 May 2015. The Council has set out its goal to deliver a Co-operative Future where everyone does their bit to create a confident and ambitious borough. The Co-operative Future will be made possible through the delivery of three corporate objectives:

- **A productive place** where business and enterprise thrive;
- **Confident communities** where everyone does their bit; and
- **A Co-operative Council** delivering good value services to support a co-operative borough.

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

The Capital Strategy must also align to the Medium Term Property Strategy (MTPS) (formerly the Asset Management Plan). This is currently being revised to reflect most recent service transformation changes and financial challenges.

The MTPS sets out a framework for strategic management of the Council's land and property portfolio, reflecting corporate priorities, aims and objectives and driving transformational change in service delivery. Aligned to service priorities, individual schemes are included within approved capital spending plans or are to be considered for a resource allocation over the period of the Capital Strategy.

The revised MTPS will incorporate the Community Use of Assets Framework, reflecting statutory requirements and aligned to the Council's Co-operative ethos. In addition it will encompass the emerging Building Maintenance Policy which sets a clear process protocol, prioritising assets closely aligned to future investment requirements.

The Council is currently reviewing the structure of the property function and anticipates making further changes which will improve the way in which the strategic property objectives can be delivered. This will enable the Council to accelerate progress and realise benefits within a shorter timeframe, whilst maximising regeneration and inward investment opportunities.

In addition, the 2016/21 Capital Strategy will be influenced by the principles which frame the overarching budget process for 2016/17, which are driven by the concept of a Co-operative Council. The Council is therefore aiming to take a strategic view in relation to capital investment so that it can be directed to make a real and demonstrable impact on the economy of Oldham by:

- Regenerating the borough, building on the investment programme first approved during 2012/13 and as amended in subsequent years, by attracting and securing significant amounts of external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer.
- Prioritising the regeneration investment to develop the local economy and to support job creation and the Get Oldham Working initiative.
- Using the regeneration investment to drive up Gross Value Added (GVA) and increase the yield from business rates, taking advantage of the current Local Government Finance regime that enables some business rate growth to be retained and in anticipation of 100% Business Rates retention in the future. This will provide additional resources which can either be used to support the Council's budget or to increase opportunities for further investment.

The Council will also:

- Work with partners as a co-operative and commissioning borough
- Instigate further transformational approaches to delivery of services with and by communities and staff, that maximise involvement and delivery at a more local level, working with residents to reset priorities, manage expectations and promote self-help.
- Get the basics right, drive improved business performance with more flexible ICT systems and instigate new delivery models with place-based working.
- Focus on effective service delivery, achieving social value and maximising the impact of the resources invested.

The corporate objectives therefore also help underpin one of the main priorities of the Council which is the continuing development of a new relationship with citizens, communities, partners and staff.

2 The Principles of the Capital Strategy

Having regard to the aims of the Capital Strategy in the achievement of corporate objectives, in order to focus capital resources and to gain maximum benefit from their use, the overarching principles of the Capital Strategy as detailed in the rest of the document are summarised as follows:

- 1) The Capital Investment Programme Board (CIPB) will lead the strategic direction of capital investment for the Council. The CIPB will operate on a commissioning basis. This will enable funding to be better-aligned with other partners and funding sources and will link into the principles of the Co-operative Council. In accordance with the commissioning approach being championed within the Council, there continues to be a requirement for links to regional strategies and programmes. As such, the Council must ensure that, when it applies for funds on a regional basis (either individually or part of a collective bid), it uses its best endeavours to reflect local and regional priorities. The Council must therefore ensure that its Capital Strategy reflects the Greater Manchester (GM) Strategy and links into those of other GM Authorities.
- 2) The first call on capital resources will always be the financing of any over-programming from previous financial years. In addition, all schemes already approved in the capital programme or contractually committed will be supported and sufficient resources will be provided to enable them to proceed or complete. These schemes are presented in Annex A, Current Capital Priorities.
- 3) A capital project sponsor must also be able to demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing. Capital investment proposals which will result in a revenue cost saving or efficiency are encouraged. The Strategic Regeneration Project Management Office has a clear role in ensuring that all the key questions have been asked at the initiation stage of a project.
- 4) All capital investment decisions will be made with reference to Council objectives and regional strategies and, only after a positive contribution to one or more of the objectives has been demonstrated, is a project to be considered for resource allocation.
- 5) The CIPB will ensure that the Council can take full advantage of the increased freedom and flexibility afforded by the removal of ringfencing from most funding allocations to facilitate achievement of the Council's objectives. All un-ringfenced capital funding and other non-specific Council capital resources that are not required to support existing commitments will initially be pooled into one central fund. Regard will however be had to obligations around the:
 - Transport agenda and transport grant funding.
 - Current pressure on primary places in certain areas of Oldham and the lack of capacity in the current stock and the Basic Need Government grant funding allocation to address such issues.
 - Funding of adaptations to homes for the disabled and Disabled Facilities Grant funding.

- Adult Social Care funding requirements arising from the pooled budget arrangements.

Unringfenced grants received in support of the above initiatives will be pass-ported in full to these four areas.

- 6) Pooled corporate resources will be managed by the CIPB; it will review all bids for resources, evaluate them and then agree on the prioritisation of resources accordingly. A proposal will be prioritised in accordance with criteria set out in Section 7 of the Strategy.
- 7) The CIPB will also review any bids for and use of any ringfenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council and achievement of Council objectives.
- 8) The CIPB will recommend the use of both un-ringfenced and ringfenced resources and also the general prioritisation of resources so that Council, Cabinet and Cabinet Members exercising delegated authority can make a final well-informed decision on the utilisation of resources, as appropriate.
- 9) There will be no ringfencing of capital receipts to specific projects, with the exception of:
 - i) The Equity Loan Initiative which was established when Housing Market Renewal (HMR) resources were ringfenced to the HMR programme.
 - ii) Saddleworth School as part of the Priority Schools Building Programme.
- 10) Building upon established good practice and the successful exercises undertaken in earlier financial years, the CIPB will initiate periodic reviews of the capital programme which will examine all schemes in the programme to:
 - i) Ensure that schemes still meet corporate priorities.
 - ii) Review schemes' continued relevance in the context of a dynamic and constantly developing organisation.
 - iii) Consider the progress of schemes, including any reasons for delayed starts or variations to approved budgetary allocations and re-phasing of planned expenditure.
 - iv) Identify any unutilised or underutilised resources.
 - v) Consider any reallocation of resources.
- 11) For the purposes of preparing the Capital Strategy and Capital Programme for 2016/17, an assumption has been made that all resources that remain unallocated within the 2015/16 programme will be treated as though they are fully-committed in 2015/16 or carried forward into 2016/17 as a central pool for reallocation to other projects.

- 12) As well as using traditional funding mechanisms to fund capital schemes, the Council will also consider the use of new initiatives and develop these options if it is considered financially advantageous in the context of the Council achieving its capital investment objectives.
- 13) Any future PFI or other similar public/private partnerships and initiatives requiring the deployment of Council capital resources or impacting in any way on the overarching capital investment policies or plans of the Council should be presented for consideration to the CIPB. The resources deployed to support such projects will also be subject to on-going review by the CIPB.
- 14) The Council is conscious that the Government could in the future introduce a range of grant funding opportunities for which bids must be submitted at short notice, some of which may have a matched funding requirement. The Council will respond as it considers appropriate to bidding opportunities, ensuring that bids are submitted which align with its objectives and capital investment priorities and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.
- 15) Given the evolving devolution agenda and the expectation that the Council will work in a collaborative manner with AGMA and NHS partners, bids to the Greater Manchester Combined Authority, the NHS or other organisations which may have a matched-funding requirement will be prioritised. Regard will be given during the appraisal process to ensuring that the Council's objectives and capital investment priorities are achieved.
- 16) The Council will have a number of capital investment priorities. Whilst these are initially set on an annual basis, it will review and update the priorities in accordance with in-year developments, responding to local and national emerging issues. The priorities for 2016/21 are set out in Section 3.

3 Priority Areas for Investment

The priority investment areas identified for the 2016/21 period covered by this Capital Strategy document are set out below:

3.1 Continuation Funding

There are requirements for continued funding of existing programmes of work summarised as follows:

- i) Corporate Major Repairs /Disability Discrimination Act (DDA) Adaptations/ Legionella / Health and Safety Projects (Corporate Landlord Function)
This budget aims to enable the Council to secure the integrity of the corporate estate and ensures that the Council is compliant with its statutory obligations under DDA and Health and Safety legislation.
- ii) School Condition Works – the Council has provided resources to address the most immediate needs (priority 1) for condition works within the school estate. There is however, increasing demand on the school condition works budget to address priority one condition issues as well as other preventative works prior to arrival at priority one status.

An overarching allocation of £3.360 million of funding has been included in the 2016/17 capital programme, £2.255 million in 2017/18 and £500k per year thereafter to cover Corporate Major Repairs, DDA Adaptations, Legionella, Health and Safety Projects (Corporate Landlord Function) and also school condition works. The Capital Investment Programme Board (CIPB) continues to recommend, as a priority, that the first call on any future underspends identified within the Capital Programme is to cover the works outlined above. The allocations include the confirmed School Condition Allocation (SCA) funding for 2016/17 and an indicative estimate for 2017/18.

3.2 New Projects

New projects for which funding may be required and for which funds could be allocated are as follows. Each of these projects would need to be progressed by the submission of detailed and fully costed business cases demonstrating how they take forward corporate priorities. These projects are:

- i) Adult Social Care - Mindful that the Council has extensive responsibilities to deliver an adequate standard of adult social care, the Council will consider the utilisation of available Government resources and any local funding to address identified needs or opportunities to support income generation and facilitate enhanced service provision.
- ii) Unforeseen emergency/health and safety works – Mindful of its responsibilities, the Council will consider requirements relating to works which fall outside the scope of the current programme and/or budgetary provision.

- iii) Low Carbon and Energy Efficiency Initiatives - The Council wishes to invest to support its pursuit of the green agenda and address carbon reduction requirements. The Council has a requirement to ensure that it is seeking to maximise energy efficiency. Most energy efficiency and renewable energy projects the Council would like to undertake can be delivered through a number of efficient OJEU compliant framework agreements and pay back their investment over varying periods of time from a combination of Government subsidies and the actual energy savings themselves, making prudential borrowing a viable option for such schemes. The Council will also consider options to work jointly with other Local Authorities on out of borough projects that will benefit Oldham and enhance the Council's contribution to energy efficiency. A photo voltaic pilot scheme, funded from the HRA is being assessed and a number of further initiatives are currently being considered including wind farms and additional solar panels as well as more traditional energy efficiency schemes.

- iv) School investment/ Pupil Place Pressures - There continues to be pressure on primary places within certain areas of Oldham, with little or no capacity at a number of schools. The success of the Gateways to Oldham Housing project together with other potential residential developments, including those as a result of the potential sale of surplus school sites, will also impact on the capacity of schools local to these developments. The recently-completed Targeted Basic Need programme created additional capacity for five school projects (four primary school extensions and a new special academy). The Department for Education previously announced a significant injection of resources with the notification of £10.745 million Basic Need funding over the two years 2015/16 and 2016/17 with a further £15.405 million in 2017/18. Work commenced in July 2015 on a new 3 form entry primary school and, in December 2015, a series of works, utilising a portion of the Basic Need funding, received Cabinet approval. School capacity and the standard of the facilities within schools remains a priority and the Council will consider additional investment in its own right or to complement any Government resources that may become available.

- v) Priority Schools Building Programme (PSBP) - The preferred site for Saddleworth School was announced in January 2015, with an anticipated opening in early 2018. The Council has earmarked a total of £2.019 million of resources to support the programme; however current forecasts suggest this may not be sufficient to fully deliver the scheme

In February 2015 the Council was notified that, of the bids submitted, only the PSBP Round 2 (PSBP2) bid for Royton and Crompton had been successful. The precise level of funding available remains unconfirmed. Meetings are ongoing with the Education Funding Agency (EFA) to agree the scope of this project, the latest programme is that the EFA will be carrying out further feasibility works over the period April 2016 – June 2016, as a result of which they will be making recommendations as to the scope of works.

Greenfield Primary School remains a priority for the Council despite confirmation that PSBP2 funding will not be forthcoming. Cabinet, at its meeting on 14 December 2015 approved the reallocation and re-phasing of approved funding for a number of projects, together with the application of £1.264 million of the 2017/18 Basic Need allocation to facilitate a £6 million total rebuild of the school, incorporating a permanent expansion of the school from 20 places per year to 60 places per year.

- vi) Playing Pitch Strategy - The Council is currently updating its Playing Pitch Strategy and will therefore aim to attend to any works arising from the Strategy.
- vii) Surplus Sites - The Council has an extended portfolio of surplus sites scheduled for disposal, for which up front capital funding may be required for enabling and other works to ensure that the land is suitable for commercial redevelopment. The capital programme is reliant on the income generated from these sales. It should also be noted that the pool of available sites for sale is potentially going to be significantly reduced by the ear marking of key plots to be included in a Joint Venture Development Company to support town centre and borough wide regeneration. The benefits from assets sales will be realised over a longer period.

The 2015 Spending Review gave local authorities powers to use capital receipts to fund the revenue costs of transformation projects. On 17 December 2015 the Government issued draft guidance on this flexible use of capital receipts, intended to be effective from 1 April 2016. The opportunities presented and any potential impact on the Council's capital programme will be reported in due course.

- viii) Association of Greater Manchester Authorities (AGMA) Green Deal Scheme - Whilst the Council has not been required to provide resources to earlier phases of the AGMA Green Deal initiative, resources may be required to support further specific AGMA-wide energy efficiency schemes, subject to the development of suitable proposals. Clearly the Council, with its responsibility to support AGMA initiatives, will have to ensure that it is able to honour any regional obligations.
- ix) Association of Greater Manchester Authorities (AGMA) Growing Places Loans - In line with the approved AGMA scheme initiated and underwritten by the Greater Manchester Combined Authority (GMCA), the Council may manage loans to qualifying businesses to support the growth ambitions as set out in the GM strategy, in accordance with requirements.
- x) Town Centre Regeneration - The Council is making a considerable investment in the town centre further extended with the announcement of the Prince's Gate retail development at Oldham Mumps. As the programme of work evolves, this may require complementary investment for additional strategic acquisitions, car parking, public realm works or

other regeneration developments, particularly around improving the retail offer, including the market.

- xi) Borough-Wide Regeneration - The Council is investing in borough-wide regeneration initiatives and again, as the position evolves, there may be a requirement for increased investment in new or existing projects.
- xii) Car Parking - There is a requirement to invest in town centre car parking. Following the closure of the Hobson Street car park, provision (£1.3 million) has been made for the deconstruction and making good of the existing structure and site. Longer term, the lack of adequate town centre car parking provision needs to be further addressed.
- xiii) Foxdenton - Although the Foxdenton area is being developed by private sector partners, there may be a requirement for public sector capital investment for enabling and infrastructure works. All avenues for such works will be explored with the inclusion of external funds where applicable.
- xiv) Housing Initiatives - The Council, linked to its revised and updated Housing Strategy, will look to utilise any Central Government funding that may become available, through either the general fund or the HRA. This could include initiatives involving and working in partnership with the private sector.
- xv) Equity Home Loans - Oldham Council takes the lead role at an AGMA level in the provision of an Equity Home Loan service. Building on the current provision (£502k in 2016/17) funding of £250k and £300k has been made available in each of 2017/18 and 2018/19.
- xvi) Supported Housing - Options are being considered to provide an alternative accommodation offer for adults with complex learning difficulties either by way of a new-build scheme or to provide an alternative housing offer utilising the existing stock
- xvii) Greater Manchester Devolution and Related Initiatives – Developments under the devolution agenda is an evolving programme of activity at the wider GM level. Working in partnership with the GMCA and other local authorities, the Council will seek to support new initiatives. Particular emphasis is also being placed on working with the NHS around the integration of adult social care. Capital investment opportunities will be evaluated and prioritised accordingly.
- xviii) Partnership and Joint Working - The Council will aim to pursue joint partnership working with other public bodies, not for profit organisations and the private sector where it is commercially advantageous to do so and to keep under review existing relationships.
- xix) Matched Funding for Grant Bids - The Council is conscious that the Government or the Greater Manchester Combined Authority may introduce a range of grant funding opportunities for which bids must be

submitted at short notice, some of which may have a matched funding requirement. The Council's strategy will be to respond as it considers appropriate to bidding arrangements, ensuring that bids are submitted which align with its objectives and that matched funding requirements are considered on a scheme by scheme basis with resource requirements prioritised accordingly.

- xx) Supporting the Councils Co-operative Ethos - The Council will aim to support projects which promote its co-operative ethos, subject to the presentation of an appropriate business case.
- xxi) Refinancing of PFI and Public Private Partnership (PPP) type agreements – The Council will participate in the refinancing of either equity share or bank funded debt where it is considered financially and/or operationally advantageous for the Council to do so.

4 Devolution Manchester- The Greater Manchester Strategy

Devolution Manchester has seen a fast paced change in the Greater Manchester (GM) governance and funding programmes. Devolution involves the transfer of certain powers and responsibilities from national Government to GM. The agreement also gives GM much more power over budgets currently administered by Central Government.

The Government will pool and devolve relevant central funding on local transport for the City Region (where it has not already been devolved in some other form e.g. Local Growth Fund), and has provided a multi-year settlement on the same basis as capital and resource settlements given to Central Government departments and Transport for London.

In addition Government has devolved the control of a new £300million Housing Fund; this will be operated similarly to the GM Investment Fund. This will ultimately be administered by the new directly elected GM Mayor as will the management of a reformed Earn Back deal providing resources of £30 million a year for the next 30 years.

The Earn Back Model uses a formula, linked to changes in rateable values over time at the GM level, to provide a revenue stream to GM over 30 years if additional GVA is created relative to a baseline. Earn Back provides an additional incentive for GM to prioritise local government spending to maximise GVA growth. If successful in driving economic growth, under Earn Back, Manchester will receive a larger proportion of resultant tax take generated from this growth than would otherwise be the case under business rate retention. The 'earned back' resources would be used for further investment, similarly prioritised on net GVA impact at GM level. This will create a genuinely revolving Investment Programme which rewards GM for delivering growth.

4.1 Greater Manchester Strategy

Investment priorities at a GM level will remain guided by the Greater Manchester Strategy (GMS). However investment proposals will be determined through the Chief Executive Investment Group supported by a Combined Authority team based at Manchester City Council.

While the strategic approach and priorities of the GM Strategy remain as vital and relevant as ever, the changing economic and policy context means the Association of Greater Manchester Authorities (AGMA), the Homes and Communities Agency and GM partners will need to be flexible, innovative and pragmatic if the Council is to achieve the ambitions for Greater Manchester. To this end the Greater Manchester Strategy has been recently updated and is constantly reviewed.

The revised Greater Manchester Strategy describes the ambition for the city region; by 2020 all residents will be able to benefit from and contribute to a sustainable economy. In order to achieve the vision, priorities have been set which will help the region achieve its ambition by 2020.

4.2 The Vision

By 2020, the Manchester city region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener city region where all our residents are able to contribute to and benefit from sustained prosperity.

The GMS focuses on the two key drivers of growth (including housing) and reform in order to secure Greater Manchester's place as one of Europe's premier city regions. It will be recognised for its commitment to a low carbon economy and a good quality of life. Greater Manchester is administering a Housing Fund, which will ultimately be controlled by the Mayor.

The total value of the fund is £300 million over 10 years; it will be used to support the private sector in the form of recoverable loans and longer-term equity. The funding may be recycled within the private sector before returning it to Her Majesty's Treasury, with Greater Manchester guaranteeing an 80% recovery rate on principal, plus interest earned. Oldham is therefore providing a guarantee for £21 million of the total investment

Priority actions within the GMS, which all align to Oldham aims and objectives are:

- i) **Creating the conditions for growth:** Diversifying the economic base, developing a market facing investment strategy, creating a blueprint for successful town centres, attracting and retaining talent through investment in attractive housing offers and improving GM connectivity
- ii) **Business:** Growing the business base, improving international competitiveness of GM companies and capitalising on the opportunities of a low carbon economy
- iii) **Worklessness and Skills:** Delivering an employer led skills system, broadening the opportunities available to young people to reduce youth unemployment and creating and implementing a flexible approach to the provision of skills and employment support to enable the jobless to enter work. Helping guide the investment of the skills capital programme.
- iv) **Reducing dependency and demand:** Developing community budgets and taking forward the early years/troubled families agendas, reform of health and social care and support for cross public service leadership.

Some of these priorities are about making sure that the right conditions for growth exist, doing everything to encourage businesses to invest in GM and helping them to thrive when they do. Others are about changing the way that the public sector works, using resources in new ways to be more efficient and effective, and improve the quality of life of all our residents.

The new elected Mayor and the GMCA will take responsibility for making sure that priorities are delivered. Partnerships and frameworks for delivery are set up across Greater Manchester, and the GMCA will hold those partnerships to

account, checking on progress, monitoring performance measures and making sure that we are using our resources in the most effective and efficient way possible.

The approach to GM funding remains the same with a commitment to provide a revolving fund via the GM Investment Fund and Housing Investment Fund. Its aim is to develop a co-ordinated view of capital investment allowing GM to achieve more for less.

A new GM focused European Programme has now opened and a series of GM wide projects have been commissioned. There will be some opportunities for grant via ERDF but this will only be around 10% of a £220 million programme and will be focussed on business growth and low carbon initiatives. Further to that it is likely that grant will be limited to those projects that demonstrate a gap in funding and seeking support from the EVERGREEN II programme.

The Skills programme however will be devolved to the GMCA and this may have some impact on the Hotel Future project. At this time there is no indication of what might happen.

To summarise, there is a need to ensure that there is an iterative process between Oldham Council and the Greater Manchester policy/investment-making mechanisms. The Council is playing a major role in shaping the investment frameworks that supports the delivery of the GMS and as such the Capital Strategy is well aligned to the emerging frameworks. This is essential if we are to be successful in securing both public and private sector funding in the future.

In future the GM Investment Fund will demand a single pot approach to external funding and as such decisions will not be taken on the appropriateness of a funding pot to a proposal but on the strategic need of a project in delivering the GM priorities. Oldham is well placed in streamlining its aspirations for funding and has undertaken a significant amount of work in establishing a realistic priority for key projects both around the borough and within the town centre.

In order to ensure that the capital programme is aligned to the GMS and Investment Fund conditions there is a need to ensure that all elements of deliverability are covered in advance of bids for loan funding. This may mean future 'up front' investment in such things as site surveys and/or planning applications.

The 2016/21 Capital Strategy therefore includes principles and priorities which will complement the GMS and maximise external funding opportunities for the Council.

This approach is best evidenced in the changes to a range of Government grants that are now being channelled through a local Growth and Reform Plan. Greater Manchester's Growth and Reform plan setting out its aim to become a financially self-sustaining city region has been approved by Government as part of the devolution negotiations.

5 Capital Resources to Support Capital Expenditure

5.1 The Utilisation of Capital Funding Opportunities

The Council's strategy for deploying resources is to ensure that all resources are utilised to achieve Council objectives. With the Government placing a greater emphasis on regional initiatives, the Council's Capital Strategy and capital planning arrangements need to be consistent with, and linked to, the Greater Manchester Capital Strategy but also enhance the Council's own co-operative ethos and other corporate initiatives such as Get Oldham Working, with some devolving of resources and decision-making to Districts and neighbourhoods. As such, the aspirations of District Partnerships need to be considered and they will be consulted, as appropriate, over possible bids for any available funding. The District Investment Fund is retained at £200k per year throughout the life of the programme, enabling District Partnerships to bid into the fund to finance more substantial projects that meet their local priorities.

As most capital financing can be used for projects at the Council's discretion, then the Council is able to address its own priorities and shape the capital programme to a locally, rather than a nationally, driven agenda.

The Council will ensure that it takes full advantage of the freedom and flexibility arising from the removal of ringfencing of most resources to facilitate the achievement of Council objectives. All un-ringfenced capital funding and other non-specific Council capital resources, that are not required to finance existing commitments, will be pooled into one central fund. This corporate resource will then be managed so that only schemes which can demonstrate the attainment of Council capital priorities will be allocated funds. The Capital Investment Programme Board (CIPB) will review all bids for resources, evaluate them and then make recommendations to:

- i) Cabinet/Council on the prioritisation of resources for the initial 2016/21 capital programme
- ii) The appropriate decision-maker for any subsequent revisions to the capital programme

The Cabinet/Council will make the final decision on the overarching capital programme for 2016/21 and will subsequently delegate (subject to the provisions in the Council's Constitution) the updating of the programme and revisions to projects following review and recommendations by the CIPB.

The CIPB will review the usage of any ringfenced resources to ensure alignment with other spending plans and the maximisation of benefits to the Council.

In determining the size of the central fund, the CIPB will have regard to:

- i) The preparation of the statutory fourth Greater Manchester Local Transport Plan (GMLTP4) which is currently underway and scheduled for publication in 2016. It will include a long-term transport strategy for Greater Manchester to 2040 and a five year spending plan which will

be updated annually, based on confirmed funding; including the Growth Deal minor works programme allocation and other Local Transport Capital allocations. The Council receives grant funding from the LTP from the wider Greater Manchester allocation, which comes with a national and regional expectation that it will be used for LTP purposes. Oldham has been allocated a confirmed settlement of £2.248 million for 2016/17, which on receipt will be pass-ported via this Capital Strategy for investment in and maintenance of Oldham's transport network, in accordance with current Local Transport Plan expectations, along with the allocations for 2017/18 to 2020/21 as these are confirmed. The 2016/17 allocation is subject to confirmation by the Department for Transport (DfT) on completion of a data checking exercise and subsequent agreement of the distribution of the resource by Greater Manchester Combined Authority (GMCA).

- ii) The current pressure on primary places in certain areas of Oldham and the lack of capacity in the current stock. The Government has announced Basic Need allocations, £5.505 million in 2016/17 and £15.405 million in 2017/18 which, although unringfenced is understood to be intended specifically for the purpose of providing additional school places.
- iii) Confirmation on 10th February 2016 of Better Care Funding in the form of the expanded Disabled Facilities Grant funding amounting to £1.618m for 2016/17, to meet the Council's obligation to finance adaptations to the homes of disabled residents and its commitments to wider social care previously funded by the Social Care Reform grant.
- iv) Any resources allocated by Central Government after approval of the Council's 2016/17 Capital Strategy/Capital Programme.

The Council will therefore passport all of the un-ringfenced transport, education basic need and disabled facilities grants to support spending in the respective areas.

Grant funding allocations notified to the Council also include information about capital maintenance funding for Voluntary Aided (VA) schools. This grant is paid directly to the Church of England and Roman Catholic Diocesan authorities and is not therefore included within the Council's capital programme. Expenditure undertaken by the Council on VA schools is planned with regard to the availability of contributions from these grant and diocesan resources.

5.2 Methods of funding capital expenditure

1) Government Grants and Non-Government Contributions

Capital resources from Central Government can be split into two categories:

- i) Un-ringfenced – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding and the Council will initially allocate these resources to a general

pool from which prioritised schemes can be financed (with the exception of transport, disabled facilities, basic need, school meals and social care grant funding).

- ii) Ring-fenced – resources which are ringfenced to particular areas and therefore have restricted uses.

Where there is a requirement to make an application to an external agency for external funding and, when appropriate, to commit Council resources as matched funding to any bid for external resources, a business case (following the three stage process described at Section 6) must be presented to the CIPB for approval. This must justify the bid for external resources and any Council matched funding.

Examples of ringfenced grants for which the Council has successfully bid and which support current capital projects include Arts Council Grant and Heritage Lottery Grant.

Additional Government grant funding notifications may yet be received and these will be incorporated into the programme as appropriate.

2) **Prudential Borrowing**

The Council will investigate opportunities to resource capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing.

Where it is considered that prudential borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be built into the revenue budget planning process.

The Council approved a major programme of strategic investment in 2012/13 which has been subject to on-going refinement as schemes are developed and external funding is finalised. The CIPB will review the detailed capital expenditure plans before allocations of resources are committed to ensure that the costs of prudential borrowing are understood and affordable.

For the last three years the Council has been able to take advantage of the Public Works Loans Board (PWLB) certainty rate, whereby there is a 20 basis points discount on standard loans from the PWLB under the prudential borrowing regime for authorities that provide improved information on their long term borrowing and associated capital spending plans. The obvious benefit to the Council of the certainty rate will be reflected in the future with reduced Treasury Management borrowing costs in relation to any PWLB borrowing undertaken. It has been confirmed that the Council has qualified for certainty rate for the period 1 November 2015 to 31 October 2016.

3) **Capital Receipts**

Section 9 (1) of the Local Government Act 2003 defines a capital receipt as “a sum received by the authority in respect of the disposal by it of an interest in a capital asset”.

Section 9 (2) defines a capital asset as “an asset is a capital asset if, at the time of the disposal, expenditure on the acquisition of the asset would be capital expenditure”.

Capital receipts (other than in relation to the change included in the Provisional Local Government Finance Settlement) are restricted to use for:

- Financing new capital investment.
- Reducing borrowing under the Prudential Framework.
- Paying a premium charged in relation to any amounts borrowed.
- Meeting any liability in respect of credit arrangements.
- Meeting disposal costs (not exceeding 4% of the receipt).

In general capital receipts arising from the disposal of housing assets and for which account is made in the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. In summary the regulations require that receipts arising from:

- i) Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government;
- ii) All other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying of housing debt.

Such receipts have reduced substantially now that the transfer of the housing stock to First Choice Homes Oldham (FCHO) is complete.

Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the capital programme as a corporate resource.

The Council will not ringfence capital receipts to specific projects with the exception of the:

- i) Equity Loan Initiative
- ii) Saddleworth School as part of the Priority Schools Build Programme

In considering the 2016/17 capital programme, and given the position with regard to capital receipts, a prudent approach has been taken and there has been no assumption of any additional capital receipts to finance new expenditure over and above those already known about and underpinning the programme.

The Council is facing considerable uncertainty about the realisation of anticipated capital receipts. The level of receipts upon which the programme relies to fund existing commitments has been affected by the depressed state of the property market which has impacted on the:

- i) Ability of the Council to sell assets within the timescale anticipated.
- ii) Level of receipt that can actually be generated, which has often been less than originally expected in the past, although more recently values in excess of initial expectations have been realised.

In addition, given the Council's objective to rationalise the corporate estate, the marketing of increasing numbers of surplus assets has the potential to affect both (i) and (ii) above and this will need to be carefully managed. A dedicated staffing resource has been put in place to manage the phased disposal of former schools sites, residual Housing Market Renewal sites and other strategic regeneration sites.

It should also be noted that the pool of available sites for sale is potentially going to be significantly reduced by the ear marking of key plots to be included in a Joint Venture Regeneration Development Company which will mean any benefit arising from the deployment of the asset will be realised over the long term.

The 2016/17 Provisional Local Government Finance Settlement introduced a revision to the existing legislation and provided Councils with the opportunity to utilise capital receipts to support revenue projects. The initiative is designed to generate ongoing revenue savings in the delivery of public services and/ or transform service delivery to reduce cost or improve the quality of service delivery in future years. The availability of capital receipts will have to be considered in this context.

The Council has established the Corporate Property Board (CPB) to take a more holistic and strategic approach to asset disposals and acquisitions. Further detail about asset reviews is provided at Section 6.2. Monitoring of capital receipts is undertaken through an officer sub-group that reports to the CIPB and the CPB; follow-up actions are initiated to address any comments raised. The capital monitoring report presented to Cabinet at months 3, 6, 8 and 9 also advises Members of receipts compared to target.

4) **Revenue Contributions**

A service or school may wish to offer some of its revenue budget to support the financing of a capital project. This is acceptable if it can be demonstrated that this funding is unfettered.

5) **Use of Leasing**

Some of the assets used by the Council are financed by a lease arrangement, for example vehicles. With the advent of Prudential Borrowing this source of financing is becoming less attractive. Indeed, the replacement fleet management policy demonstrates this development. There may however be instances where leasing could offer value for money and it will remain a consideration when options are being appraised.

6) **Value Added Tax Shelter**

One of the implications of the Housing Stock transfer that took place in February 2011 is the creation of a Value Added Tax (VAT) shelter. This will allow First Choice Homes Oldham (FCHO) to obtain the same VAT exemption on its capital works as the Council. The shelter only applies for first-time improvements and is expected to run to 2024/25. The savings are to be shared with the Council with FCHO retaining all the benefit in the first four years and the savings thereafter split 50:50 with the Council, which are estimated in total to be £14.6 million, excluding the effects of inflation, although the first £6 million may be top-sliced to deal with outstanding FCHO asbestos liabilities. Any sums received will need to be treated as a capital receipt and will bring a direct benefit to the Council from 2015/16.

First Choice Homes (FCHO) has provided an indicative notification of the release of resources from the VAT shelter from 2015/16. Mindful of the level of prudential borrowing that the capital investment programme requires and also the associated revenue consequences of servicing the debt, estimated capital receipts from the VAT shelter have been used to reduce the level of prudential borrowing required from 2015/16 onwards.

7) **Section 106 Agreements**

In considering an application for planning permission, the Council may seek to secure benefits to an area or restrict uses or activities related to a proposed development through the negotiation of a 'planning obligation' with the developer. Such obligations, authorised by Section 106 of the Town and Country Planning Act 1990, generally either improve the quality of the development, or overcome difficulties which would otherwise result in planning permission being refused. A planning obligation must be:

- i) Necessary to make the development acceptable in planning terms;
- ii) Directly related to the development; and
- iii) Fairly and reasonably related in scale and kind to the development.

As such, therefore, the Council may in some instances receive funds to enable it to undertake works arising from these planning obligations. Examples of the use of planning obligations are the:

- Provision of affordable housing.
- Improvement to community facilities - Public open space/play areas, educational facilities.
- Improved transport facilities - contributions have previously been used towards Oldham bus station, park and ride and provision of cycle lanes.
- Public art.
- Renewable energy measures.
- Specific measures to mitigate impact on a local area - parking restrictions, landscaping or noise insulation.

The use of any Section 106 funding will be presented to the CIPB and the Repositioning Oldham Project Investment Team for review.

8) **Community Infrastructure Levy**

The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force on 6 April 2010. When adopted, a CIL levy allows the Council to raise contributions from new development to help pay for infrastructure that is needed to support planned growth. CIL contributions can be used to supplement other funding streams and can wholly or partly fund a variety of strategic infrastructure projects ranging from transport, green infrastructure, flood defences, education and health, subject to pooling restrictions.

Where a CIL charging schedule is in place, it largely replaces Section 106 Obligations in delivering strategic infrastructure. However, s106 would still be used for affordable housing and site development-related infrastructure requirements that are deemed necessary to make a development acceptable. Some developments would pay both Section 106 and CIL, but they would fund different types of infrastructure. Contributions may also be sought for Section 278 of the Highways Act where modifications are required to the highways network.

Local authorities who wish to charge a CIL levy must produce a Preliminary Draft Charging Schedule, followed by a Draft Charging Schedule setting out CIL rates for their area. A CIL charging schedule sets out a rate in pounds per square metre (sq. m) on the gross internal floorspace of the net additional liable development. The charging schedule must balance:

- i) The need for infrastructure investment to enable growth; and
- ii) The need to ensure the bulk of planned growth remains viable.

A charging schedule must be informed by an evidence base, including an Economic Viability Study and an Infrastructure Delivery Plan.

In January 2014, the Council made a decision to prepare an Economic Viability Study to assess the viability of having a CIL charging schedule for the borough and appointed consultants to undertake it. The Viability Study looked at the types of development that are likely to come forward over the Local Plan period (up to 2026) and included an analysis of which types of developments can accommodate a CIL charge. The Study also assessed the viability of having charging zones for different areas within Oldham for residential development.

The findings of the Viability Study informed a Preliminary Draft Charging Schedule (PDCS) that set out proposed CIL charges per square metre on new floor space for different types and locations of development in Oldham.

The PDCS and the Economic Viability Study went out to public consultation in February 2015. Following this consultation, and as a result of internal discussion, the Council commissioned consultants to prepare an Addendum Report to review consultation responses, review the evidence feeding into the Viability Study and update the proposed CIL Charging Schedule based on the renewed evidence.

The CIL Addendum Report was completed in September 2015 and the Council is currently assessing the impacts of the proposed CIL charges on key future development in the borough. The Council will discuss the findings of the reports and assessments of key developments via an early 2016 report to Members that discusses the future approach to CIL.

9) **Private Finance Initiative**

Private Finance Initiative (PFI) is a means by which the Council can facilitate major new infrastructure projects. Typically the schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital. Oldham has considerable experience of PFI with two schools projects, two housing projects, the Library and Lifelong Learning Centre and the street lighting initiative.

Currently no new PFI projects or initiatives are anticipated. Any such proposals would be presented to the CIPB for evaluation before presentation for Members' approval.

10) **UK Municipal Bonds Agency Plc**

The Local Government Association (LGA) is close to completing the setting up of the Municipal Bonds Agency (MBA) the aim of which is to seek to provide Councils with a cheaper source of long term borrowing and to introduce sector owned diversity into the Local Government lending market. The Council has invested a total sum of £100k in the equity of the MBA.

The Council has undertaken this investment to access a potentially cheaper source of long term borrowing and any other beneficial financing arrangements that may become available. The agency has indicated that the first bond could possibly be issued in the Spring of 2016, whilst this may be not be the opportune timing for Oldham the Council will keep under review the availability and cost of funds from the MBA as an alternative source of finance with a view to borrowing at an appropriate time if terms are preferential. As an investor, the Council would expect to benefit from any profits generated by the MBA.

6. Capital Investment and Disposal Appraisal

6.1 Capital Investment

All capital investment will be commissioned on the recommendation of the Capital Investment Programme Board (CIPB) which will enable any expenditure and its funding to be better aligned with corporate priorities, partners and funding sources. Partners, from both the public and private sector will be at regional and local levels as well as at a district level.

Within the Council, a concept for a potential capital project should originate from, or at least be 'owned' by Senior Management Teams (SMTs) or Directorate Management Teams (DMTs). The SMT or DMT that 'owns' the concept should prepare, or direct the preparation of a Strategic Business Case (SBC) for the proposed project. The Strategic Business Case should be submitted to CIPB for consideration, with the exception of Strategic Regeneration projects where the Project Management Board (PMB) first reviews the SBC.

If the CIPB (or the PMB in the case of Strategic Regeneration Projects) is satisfied that the proposal meets investment criteria, it will be given approval to progress to Stage 2 of the process – the completion of an Outline Business Case (OBC). The OBC builds on the SBC providing more detailed information including the benefits that could be realised and may include a number of options to deliver the proposed benefits. The OBC will be submitted to the CIPB for consideration, and if it is satisfied with the proposal will give guidance for the development of a preferred option.

Stage 3 of the process entails the completion of a Final Business Case (FBC) which will then be submitted to the CIPB for final consideration. Again, building on the OBC, the FBC will contain evidence of a:

- Detailed financial analysis of all costs/income including how the project is financially sustainable and that any adverse revenue implications can be dealt with within existing budgets
- Robust delivery plan including how the chosen option delivers the highest impact in achieving the required outcomes with identified key project milestones enabling progress review
- Risk assessment and that appropriate actions to negate these risks have been identified
- Full exit strategy where the project involves a disposal
- Method of procurement that represents value for money.

By adopting the process outlined above, CIPB exercises control over capital projects through the recommendation of approval of:

- i) Strategic Business Cases (SBC) outlining the initial idea or 'concept' for a project.
- ii) Outline Business Cases (OBC) which will focus on links to the Corporate Plan and outcomes.

iii) Full Business Cases (FBC) – the final investment decision. This will focus on the how the priorities set out in the OBC will be delivered, including:

- Project description
- Consultation
- Expenditure and funding including whole life costs and revenue implications
- Outputs
- Option Appraisal
- Value for Money
- Delivery
- Risk Management
- Sustainability, Forward strategy and evaluation
- Asset Management
- Procurement
- Equality Impact Assessment
- Environmental Impact Assessment
- Contribution to the achievement of corporate initiatives including Get Oldham Working

Depending on the circumstances of the bid for resources, the CIPB has the discretion to vary the 3 stage review process and omit one or more of the stages.

Gateway Review System

The Council has adopted a gateway review system for all projects within the capital programme to promote the following principles:

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

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

Gateway Reviews are undertaken by the Strategic Regeneration Project Management Office which has been specifically set up to ensure there is a robust review process in place to support the delivery of capital schemes and therefore to support the work of the CIPB.

There are four Gateway Reviews which are initiated at key milestones in the delivery of a programme, Gateways 1 to 3 are undertaken in the approval process for the Strategic, Outline and Final business cases respectively, Gateway 4 is undertaken in support of the delivery and handover phase. It is

important to note that the Gateway report is used to advise and inform those responsible for making the investment decision, the decision will not be made by the Gateway Review team.

6.2 Service Challenge & Review, Efficient Use of Assets

In light of massive unprecedented financial challenges in recent years, the Council embarked on an ambitious programme of transformation utilising the corporate estate as a key driver for change.

A strategic review of the Council's land and property portfolio was approached within a tri-track framework;

- i) The core office estate
- ii) The operational asset base used for district based service delivery
- iii) Land

The Smarter Workplaces programme radically reviewed the Council's wider 'office portfolio', and realised significant efficiency savings by vacating a number of properties, and consolidating provision of back office functions within three key buildings.

Cabinet in November 2012 approved review/closure of a further tranche of properties which contained an element of back office provision, and progress in delivery of recommendations has been very good and is continuing at pace.

With regard to the review of operational district assets, the Property Team and services are working closely with services to ensure that portfolios are best fit for purpose and efficient usage is maximised.

Land assets will be progressed for future use/disposal aligned to corporate objectives and incorporated into the corporate disposals programme.

Governance of the Council's land and property portfolio is provided via the Land and Property Protocols which form part of the Council's Constitution, providing a strategic governance framework within which land and property transactions are undertaken and the corporate portfolio is managed in a consistent, transparent and appropriate manner.

The Corporate Property Board oversees acquisition and disposal of land and property assets and monitors the progress of the corporate disposals programme.

7 How the Capital Requirements Will Be Prioritised

Once a bid for capital expenditure has passed through the Gateway process and has demonstrated that it meets Council Objectives and links to the Greater Manchester Strategy (if appropriate) and it has been agreed that it is suitable for capital investment, the strategic requirements will be prioritised using the following criteria (it should be noted that these are not mutually exclusive or in ranking order):

The criteria examine whether the proposal is:

- Related to mandatory, contractual or legislative service delivery requirements.
- Required to achieve the delivery of a specific revenue budget saving within the revenue budget setting process.
- Required to support Service Plan priorities.
- Enhancing the Co-operative Council agenda and demonstrating the enhancement of Social Value.
- Supporting the Get Oldham Working priority initiative and demonstrating how it delivers the aim of local jobs for local people.
- Linked into other regional objectives.
- Enhancing the asset management/estate management agenda.
- Providing general revenue saving or offering the delivery of a more efficient service.
- Fully-funded from external resources.
- Bringing in substantial external resources for which Council matched funding is required.
- Likely to have the highest impact on achieving improved performance against the Council's key objectives.
- Making a contribution to carbon reduction targets and renewable energy initiatives.
- Supporting regeneration and economic growth, particularly in the town centre and district centres.

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

8 How the Council Will Procure its Capital Projects

The structure of the Council's procurement and strategic relationship management function includes designated Commercial Procurement Managers whose focus is to support all capital projects.

Integration of revenue and capital financial planning provides opportunities for greater efficiency by selection of the most effective procurement processes to ensure the best commercial solution.

The Council is keen to ensure that Social Value, particularly contributions to the Get Oldham Working initiative, is demonstrated during the procurement process, linked to the principles of the co-operative agenda. Therefore this is of key importance in the procurement of all capital schemes. The social value deliverables are actively monitored by the procurement team throughout the life of the contract.

Efficiency gains via procurement will be achieved by:

- Efficient procurement processes which are constantly being enhanced with opportunities being developed to ensure the best commercial solution is selected and delivered.
- Expanding the range of providers included within the Council's early payment discount scheme.
- Strategic contract management of the wider supply chain to ensure continuous savings through the life of the project.
- Procuring fixed price contracts with risk/reward terms to incentivise further efficiencies.
- Joining in Association of Greater Manchester Authorities (AGMA) wide procurement initiatives which will provide savings through economies of scale.
- PFI and Public Private Partnership (PPP) agreements and other innovative financing arrangements where practicable.
- Leasing/borrowing strategies which will consider the most effective means of acquiring assets.

9 How the Council Will Measure the Performance of the Capital Programme

The capital commissioning approach that has been adopted by the Council is supported by a strong programme management process in order to ensure a coordinated corporate approach to the strategic alignment of investments. The process has been modelled on PRINCE 2 project management methodology and the Office of Government Commerce (OGC) Gateway Review System, incorporating risk assessment, risk management, option appraisal, cost v benefit analysis, etc. This ensures that investments are planned, managed and delivered prudently.

The Capital Investment Programme Board (CIPB) has a remit to review the financial performance of the capital programme and it receives a monthly monitoring report. In addition financial monitoring reports will be considered by Cabinet at months 3, 6, 8 and 9, together with a capital outturn report. Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports.

The undertaking of the detailed annual review of the capital programme provides the opportunity to review all schemes or focus on specific areas of concern.

Where a potential cost overrun has been identified, the CIPB will explore possible solutions in detail. It will also consider any under spending or identified surplus resources which can be added to the central pool of resources. The CIPB may also suggest a reallocation of resources to other projects.

Where there is a delay in the commitment of programme/project resources, the CIPB will require project managers to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of un-ringfenced resources to other projects.

The performance of the capital programme is also measured by the prudential indicators which are reported to Cabinet/Council as part of the Treasury Management Strategy, the Treasury Management half-yearly review, and the annual review.

10 The Capital Investment Programme Board

The Capital Investment Programme Board (CIPB) is an Advisory Board and is chaired by the Cabinet Member for Finance and HR. The lead Chief Officer for CIPB is the Executive Director Economy and Skills. The Leader of the Council has a standing invitation to all meetings. The Board is supported by senior Finance Officers, the Director of Economic Development (in his role as Corporate Property Officer) and the External Funding Manager. The Board has detailed Terms of Reference which are included at Annex B.

All Directorates are represented at Director Level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet Member to attend when a project within their portfolio is being discussed.

The Board meets on a monthly basis to ensure there is a managed approach to:

- Discussing and recommending actions in relation to capital issues
- Developing the Capital Strategy,
- Developing the coming years capital programme
- Considering and approving business cases
- Monitoring performance of individual capital projects and the whole capital programme
- Reviewing the availability of capital resources and reprioritisation of resources as required

The CIPB also undertakes an annual review of the capital programme which will examine all schemes in the programme to:

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

It will also initiate periodic reviews of the whole or part of the programme as required in response to specific issues or concerns.

The Board oversees capital projects from inception to completion to ensure they are delivered efficiently and effectively and in line with the Council's corporate objectives.

The Board assesses all submissions for capital expenditure prior to them entering into the normal reporting process for approval. The Board therefore makes recommendations to the appropriate decision maker/ forum, whether this is a Member under delegated responsibility, Cabinet or Council.

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CURRENT CAPITAL PRIORITIES

The Council has an approved capital programme which has already committed resources to support schemes for the 2016/17 and future financial years.

Annex C sets out the proposed programme for 2016/21 taking into account the latest information and proposals. In order to set out a full explanation of the capital commitment and also the capital aspirations for the Council, the Capital Strategy identifies these schemes and explains their nature and importance, together with those projects that the Council would wish to undertake if there are sufficient resources to allow new projects to proceed.

In addition, in order to give as full a picture as possible of all major capital investment taking place in the borough, it is also important to present information about the schemes being financed under the Public Finance Initiative (PFI) that would not feature within the capital programme due to their funding arrangements.

Explanations of all key areas of approved capital expenditure and PFI schemes are set out in the following paragraphs in portfolio order.

1. COOPERATIVES AND NEIGHBOURHOODS PORTFOLIO PROJECTS

1) District Development

A sum of £100k of the funding allocation first approved in 2015/16 for the delivery of the Green Dividend has been re-profiled to 2016/17.

2) District Investment Fund (District Partnerships)

The District Investment Fund (DIF) was created in 2011 and is now a well-established concept. It is intended to fund larger scale neighbourhood investments that meet local needs and achieve value for money. The capital programme for 2016/17 includes capital funding of £336k including funds reprofiled from 2015/16; £200k per annum is provided from 2017/18 onwards.

3) Transportation Projects

There are a number of key transport-related projects that the Council is planning to undertake in 2016/17. The transport programme is managed largely with regard to the Greater Manchester Transport Strategy and Local Transport Plan complemented by other projects as set out below.

Greater Manchester Transport Strategy, Local Transport Plan and Metrolink

There is a statutory requirement for Local Transport Authorities to prepare a Local Transport Plan (LTP) and keep it under review and refresh as they see fit; the requirement to update the plan every five years no longer applies. Greater Manchester has previously produced three LTPs, in 2001, 2006 and 2011. LTP3 was linked to a previous Spending Review and included spending plans for the period 2011/2015. LTPs are required to cover both policy and implementation

elements, although these can be to different timescales e.g. with a long-term strategy and short term implementation plans.

The Greater Manchester Combined Authority (GMCA), via Transport for Greater Manchester, is now responsible for producing the Local Transport Plan. GMCA has embarked on a process to develop a fourth Local Transport Plan (LTP4), which will include a new long-term GM transport strategy to 2040 and five year spending plans, which will be updated annually, based on confirmed resources. LTP4 is due to be published in 2016.

The LTP3 period has been one of rapid change and significant governance reform that has seen a number of changes to the way in which Government support for capital investment is organised, including a move towards devolving Local Transport finance, particularly for major schemes (i.e. those costing more than £5 million) and the introduction of the Local Growth Fund from 2015/16 and accompanying Growth Deals.

Two of the previous main Local Transport Plan funding blocks remain in place under the new funding arrangements. These are the integrated transport block and the capital maintenance block

Integrated Transport Block

The integrated transport block (ITB) provides funding support for transport capital improvement schemes costing less than £5 million. In Greater Manchester's case, this grant is paid to and managed by the GMCA at a regional level; it is not paid directly to Oldham. In July 2014 the Department for Transport (DfT) confirmed the ITB allocations for the period 2015/16 to 2017/18 and issued indicative allocations for 2018/19 to 2020/21. Nationally, the total funding available for ITB in the period to 2021 was confirmed as £2.7 billion (£458 million per annum). Of this, £200 million is being top sliced each year for the Local Growth Fund, with the remaining ITB of £258 million per year being allocated by formula.

The new ITB allocations are based on a revised formula, which introduced a performance element into some of the criteria. The data used for the assessment will be refreshed in 2017, before the allocations for 2018/19 to 2020/21 are confirmed. The Greater Manchester formula based allocation is £97.05 million over the six year period (£16.175 million per year). This is in line with the assumption made in the Growth and Reform Plan submission to the Local Growth Fund, that GMCA would receive £90-£100 million based on a per capita allocation, which would be sufficient to meet the Metrolink and Greater Manchester Transport Fund top slice commitments, totalling £96 million. As such, the formula based ITB is fully committed and there will no element of this grant available to individual local authorities.

Capital Maintenance (for bridges, highways and street lighting)

This area of work is funded by grant paid directly by the DfT to the GMCA, which determines the distribution of the grant across the 10 Greater Manchester local authorities. The total available nationally is £5.8 billion over the six year period (£976 million per year). There are 3 elements to this grant; a needs-based element, a new 'incentive' element and a new Challenge Fund.

The needs-based element is calculated by formula. Following a period of formal consultation on a revised distribution formula, in December 2014 the DfT issued capital maintenance 'needs-based' allocations for the six year period 2015/16 to 2020/21. The allocations for the three year period 2015/16 to 2017/18 were actuals, with the allocations for the following three year period being indicative. Although the allocations are calculated on an individual local authority basis, the Greater Manchester local authority allocations will be paid directly to GMCA for GMCA to determine the distribution of the resource.

Oldham's allocations over the full funding period are as follows:

2015/16	£2,452,497	Actual
2016/17	£2,248,349	Actual
2017/18	£2,180,300	Actual
2018/19	£1,973,330	Indicative
2019/20	£1,973,330	Indicative
2020/21	£1,973,330	Indicative

From 2018/19 onwards, the figures are indicative pending a data refresh, the collection of cycleway and footway data (a new element to be included in the formula) and a review of the bridges element in the formula.

Oldham was successful in securing grant from the competitive Challenge Fund for major maintenance projects, with the Council's bid securing £3.16 million for a programme of named schemes over the three year period 2015/16 to 2017/18. A match-funding contribution of £840k formed part of the bid to DfT; this is being met from the Council's needs-based capital allocation for highway maintenance.

For the purposes of longer term financial planning for transport investment, the Council has assumed that GMCA will distribute the capital maintenance block in line with DfT's distribution for the three year period 2016/17 to 2018/19 and a three year programme with a value of £6.401 million and a reserve scheme list with a value of £2.585 million have been developed and received formal approval in November 2015. In the event that the full resource is not allocated to Oldham the programme will be reviewed and reduced accordingly.

Whilst Local Transport Plan funding is not ringfenced, it comes with the expectation of both the DfT and GMCA that it will be invested in delivering the Local Transport Plan strategy. As such the capital maintenance allocation for 2016/17 and subsequent years to 2020/21 will be passported for investment in and maintenance of Oldham's transport network.

The capital programme includes a number of transport-related grants received for expenditure in 2015/16 which were reported in previous Capital Strategy updates. There is likely to be some re-profiling of these grants where the grant conditions allow and completion is scheduled beyond 31 March 2016. In addition, the Council has also received a number of grants during 2015/16 which were not anticipated at the time last year's Capital Strategy was prepared and which must be spent by 31 March 2016.

Local Growth Fund

A new Local Growth Fund (LGF) was introduced by Government and became operational from 2015/16 onward. The LGF combines a number of funding streams, including local transport major scheme funding and part of the Integrated Transport Block (£200 million nationally for the period 2015/16 to 2020/21).

The funding is being allocated through Strategic Economic Plans, mostly through a competitive process. Greater Manchester submitted a bid for a minor works capital programme to the competitive element of the Integrated Transport Block included in the LGF. Greater Manchester's minor works bid was £110 million for the six year period 2015/16 to 2020/21

In the event, the DfT did not award funding for the full six year period, but for the first two years only. The Greater Manchester bid secured £8.91 million for 2015/16 and £6.3 million for 2016/17 for minor transport schemes, of which Oldham received £2 million towards the highway infrastructure for the Old Town Hall scheme in 2015/16. In October 2015, the Government invited Greater Manchester to bid for further LGF funding to 'top up' the initial allocation. An additional Growth Fund 2 bid was submitted to DfT on 3 October 2014 for further minor works resources of £47.9 million for the period 2015/16 to 2016/17. The second Growth Fund bid secured £34.6 million for transport schemes, which includes £4.97 million for delivery of the following Oldham schemes in 2016/17 to 2017/18:

	Growth Fund 2 Allocation £000s
Albert Street, Hollinwood Junction	800
Town Centre Metrolink pedestrian/cycle access	70
Local Sustainable Transport Fund - Sustainable Access Enhancements	150
Oldham Mumps Park & Ride and Highway Infrastructure	3,500
Town Centre Connectivity - Yorkshire Street	450
TOTAL	4,970

In Oldham's case, a total match-funding contribution of £950k in respect of the Albert Street and the Oldham Mumps schemes formed part of the bid to DfT. This match funding is already included within the Council's existing capital programme.

Fleet Management

A review of the replacement programme has taken place and instigated a move towards purchasing as opposed to leasing vehicles and, where appropriate, to purchasing vehicles upon expiry of the lease. The requirement for prudential borrowing has been revised. A total sum of £1.273 million has been made available within the current capital programme. The cost of the prudential borrowing is being met from existing fleet management revenue budgets.

Gateways and Corridors Highways Improvement Programme - '24 Hour Repair Promise'

The capital programme included an allocation of £2 million prudential borrowing over the period 2014/15 to 2015/16 to implement the Gateway Corridor Improvement Programme. This supports a '24 Hour Repair Promise' to Oldham's priority network, initially focused on the 'Gateway Corridors' that emanate from Oldham Town Centre.

The roads identified as potential 'Gateways' or 'Corridors' to be upgraded as part of the 24 Hour Repair Promise were as follows:

- A671 Rochdale Road / Oldham Road
- A663 Shaw Road / Milnrow Road
- A62 Manchester Road (P2 - M60 to Town Centre) - Gateway
- A672 Ripponden Road
- A627 Chadderton Way - Gateway
- A627 Ashton Road
- A62 Oldham Road (P1 - M60 to Boundary) - Gateway
- A669 Middleton Road
- A669 Lees Road / Oldham Road
- A62 Huddersfield Road

In 2014/15, the funding contributed towards the delivery of the following Gateway Corridor schemes:

- A62 Oldham Road
- A62 Huddersfield Road (part funded by Severe Weather Grant)
- A671 Rochdale Road

In 2015/16, the funding has contributed towards the delivery of the following Gateway Corridor schemes:

- A62 Manchester Road (funded by the Challenge Fund)
- A62 Oldham Way (funded by the Challenge Fund)
- A671 Oldham Road
- A663 Crompton Way.

Continuation of the Gateway Corridor Highway Improvement Programme beyond 2015/16 will be limited to those schemes included the Local Transport Plan

Flood Management

The Council has new responsibilities as Lead Local Flood Authority (LLFA) around the area of flood risk management, through the Flood and Water Management Act 2010 (FWMA). There is potential grant funding available from DEFRA/Environment Agency (EA) for capital works for flood management schemes (Flood and Coastal Erosion Risk Management Grant).

There is a potential requirement to allocate in the Capital Strategy an amount to form a matched funding contribution to encourage a potentially larger capital

funding contribution from DEFRA/EA. A submission was made to DEFRA/EA in February 2014 putting forward schemes for consideration against the grant. A factor taken into account by DEFRA/EA when assessing local authority funding allocations is the percentage local contribution to a scheme. Based on this submission there is a potential maximum match-funding requirement of £865k over the five year period 2016/21 in order to secure up to £2.630 million in DEFRA/EA grant. Schemes will be subject to further assessment by DEFRA/EA. Project Appraisal Reports commissioned by the EA will be assessed before any grant funding offer is made. Only then will there be confirmation of any match-funding requirements.

Street-Lighting PFI

Construction on the Gateways to Oldham (housing) PFI 4 scheme completed in March 15, leaving only the joint Oldham/Rochdale Street-Lighting PFI scheme with live construction works. While the programme is not included in the capital programme, being a PFI-funded scheme, it is nevertheless strategically important when considering the entirety of capital-related spending in the borough.

The Street lighting PFI scheme is a joint approach between Oldham and Rochdale Councils, resulting in both authorities entering into a contract with Community Lighting Partnership. The financial close was achieved in April 2011. The operational element of the contract provides for the management and maintenance of the entire lighting stock. It commenced in July 2011 and runs through to July 2036. The capital element of the contract will see the replacement of approximately 22,786 lighting columns within the borough with a capital value of £30.5 million. Construction commenced in October 2011 and should be completed, behind schedule, in or before July 2016. There are currently a number of unresolved disputed issues between the interested parties.

4) Private Sector Housing

The following housing-related initiatives are either within the approved capital programme or may require resources in 2016/17 onwards:

Housing Market Renewal and the South Werneth Redevelopment

Funding for the Housing Market Renewal (HMR) Pathfinder programme was stopped by the Government in March 2011 but its sudden demise left legacy issues to address. The Council had some HMR liabilities in relation to empty properties and sites in the Council's possession that needed to be addressed.

The South Werneth redevelopment proposal was approved by Cabinet in March 2012 to address the problem created with the withdrawal of HMR funding and the partial completion of the housing redevelopment programme. A report was considered by Cabinet in January 2014 and approved the disposal of the land at open market value to Community Build Werneth Limited. Heads of Terms have been agreed with the group and planning permission has been obtained for 37 new bespoke family homes.

There remain a number of commitments relating to HMR legacy issues in Werneth and Derker. Several outstanding liabilities also remain where sales are

in dispute or where payments for properties that were already acquired and demolished have not yet been made.

In Derker, Keepmoat Homes have made excellent progress with their development at Churchill Gardens. The development of 165 homes was completed in December 2015, 12 months ahead of schedule. The Council is seeking to dispose of the remaining sites in Derker in early 2016 through the Homes and Communities Agencies Developer Partners Panel 2 (DPP2).

Local Authority Mortgages (LAMS)

The scheme was aimed at helping first time buyers get on to the property ladder in cases where they can afford mortgage payments, but not the initial deposit. Under the scheme, if a potential buyer meets the lender's (a major funding high street bank) strict credit requirements and also criteria set by the Council, an indemnity will be provided to the lender for the difference between the typical deposit (i.e. 25%) and a 5% deposit. The potential buyer would thereby obtain a 95% mortgage on similar terms as a 75% mortgage. The indemnity is for the first five years, when there is most risk of repossession.

The Council opted for a 'cash backed' model with two phases totalling £2 million, generated by deposits of £1 million in each of 2012/13 and 2013/14 into a designated account with the lender.

The second phase of the LAMS scheme supported 48 households into home ownership and £930k was committed.

A Government-backed mortgage indemnity scheme has subsequently been launched; therefore Oldham's LAMS scheme remains in place until current funding allocations are exhausted. The Council will not be looking to allocate any further funding towards LAMS in the future.

Equity Loans Initiative

The Home Improve Equity Loan product was developed to offer homeowners the opportunity to have essential repair works carried out to their property, by borrowing the money against available equity within their property; the scheme is now borough-wide. These funds are repaid back to the Council upon sale or transfer of the land registry.

Home Improve Equity Loans play a crucial part in the sustainability of housing within Oldham and by helping residents to remain in their neighbourhood, thus helping to maintain sustainable communities.

The Council currently works in partnership with Guinness Northern Counties, who provide the financial and legal assistance to the homeowners as independent advisers. The Council carries out the administration and technical assistance, which also includes procuring the tenders and contractors on site to completion. All works are tendered to local contractors who are registered with Construction Line.

Oldham Council has taken the lead role at an Association of Greater Manchester Authorities (AGMA) level in the procurement of an Equity Loan provider. This

regional initiative is enabling all AGMA Councils to offer a similar product with reduced overheads.

Resources of £502k were included in the 2016/17 capital programme as part of the 2015/16 capital programme and further provision of £250k and £300k has now been incorporated for 2017/18 and 2018/19. Recycled capital receipts that are ringfenced to replenish the resources for this initiative will also fund the planned expenditure.

Given the success to date and the Council's leading role in the Association of Greater Manchester Authorities (AGMA) initiative, this is one of the priority areas for which additional capital resources allocation may be considered.

2. HEALTH AND WELLBEING PORTFOLIO PROJECTS

There are four project areas within the Health and Wellbeing Portfolio

1) Disabled Facilities Grants (DFG)

The demand for major property adaptations to premises continues to rise, particularly because of the increase in numbers of elderly clients and also of very disabled children, where medical advances have seen a tremendous improvement in life expectancy. Because of the number of requests and the limitation of resources, the timescale for the successful completion of approved adaptations remains a challenge.

As a result, work is ongoing to update the Council's Adaptations policy and procedures, including the promotion of rehousing as a better option and the introduction of a framework contract to reduce the costs of building work. It is hoped that such improvements will meet the demographic growth in demand but are unlikely to reduce waiting times at the same time.

February 2016 sees the end of the service level agreement between FCHO and the Council for major adaptations. Henceforth requests for adaptations for FCHO properties will have to be processed in line with DFG requirements; this may have an impact on client waiting times.

The grant was un-ringfenced but, given the Council's obligation to undertake adaptations, the allocation of some resource was required. The strategy of the Council was that the full grant allocation would be passported through to finance housing adaptations.

2) Social Care Funding

In 2015/16 the Better Care Fund was introduced to encourage joint commissioning of health and social care services locally. This was a pooled resource, consisting mostly of NHS funding, but also including the Council's allocations of Disabled Facilities Grant and Social Care Reform Grant.

The Social Care Reform Grant will not continue in 2016/17. However the Department of Health has, on 10th February 2016 confirmed Better Care Funding in the form of Disabled Facilities Grant funding amounting to £1.618m for 2016/17, in total more than compensating for the cessation of the aforementioned grant. As in 2015/16 it remains a pooled budget linked into a joint programme of spending with the NHS.

3) Adult Social Care

Mindful of the continued demand pressures faced by Adult Social Care services, in addition to the funding received through the expanded Disabled Facilities Grant, the Capital Programme includes a £400k general Adult Social Care provision which can be utilised in accordance with need in this area including additional support for disabled adaptations and transformational schemes to further integrate health and social care which may require a call on capital expenditure.

4) IT Investment

Funding of £130k for implementation of the Frameworki IT system has been re-profiled to 2016/17.

3. CORPORATE AND COMMERCIAL SERVICES PORTFOLIO PROJECTS

1) IT Investment

The capital investment programme that was approved in 2012 included a £6 million allocation for IT enhancements for the duration of the 2013/15 ICT Strategy. Of this sum £735k has been redeployed into 2016/17.

ICT Strategy

The Council is now in the process of developing the ICT 'Digital' Strategy for 2016/18. The outcome will inform ICT investment priorities going forward.

The ICT initiatives that are likely to influence future capital investment plans include the schemes set out below:

- Resident First programme
- Supporting Collaborative Working and Sharing with Partners
- Unified Communications Delivery
- Cloud Computing Integration
- Business and Service Continuity Planning

As the ICT Strategy refresh is currently at an early stage, it is not yet possible to accurately forecast what the final investment requirement will be. This will be subject to the presentation of a detailed business case to the CIPB outlining resource requirements.

ICT Equipment Replacement Requirements

There is also a requirement to commit to an annual replacement programme for ICT assets, primarily 'end-user devices' (desktop and laptop equipment) to

ensure they remain fit for purpose. The investment profile will be based on the current asset holding and its age, and will be subject to a business case to the CIPB. Following a transition period, the intention is that the replacement programme would default to a four-year refresh cycle (25% of devices per annum).

Current ICT Investment Plans

Current investment plans support delivery of the existing 2013/15 ICT Strategy and include:

- i) Corporate Management Information Systems
Provision of £141k in 2016/17 and £69k in subsequent years for the continued integrated Agresso system upgrade and improvements.
- ii) Government Connect
An annual £20k allocation for ensuring that the Council complies with Government Connect initiative requirements.
- iii) Unity ICT
An annual provision of £160k for the IT server refresh programme in line with the Council's ICT contract with the Unity Partnership.

Ongoing investment in other ICT projects and programmes is being considered as part of the Strategy refresh.

4. ECONOMY AND SKILLS PORTFOLIO PROJECTS

There are a number of projects within the Economy and Skills Portfolio:

1) Corporate Property-Related Projects

There are several major property related initiatives within the approved capital programme as follows:

Major Repairs, Disability Discrimination Act Adaptations, Legionella, Health and Safety Projects

It is important that the Council is able to fund major repairs, including dilapidations. In addition there are increasing demands on the Council to comply with health and safety requirements across all its service areas, and to ensure that there is adequate funding for Legionella, asbestos and Disability Discrimination Act requirements together with compliance with Care Quality Commission national standards in the establishments providing adult social care services.

As highlighted elsewhere in the Capital Strategy, the Council is mindful of the requirements to maintain the school estate and other capital maintenance and health and safety projects. As a consequence the Council has allocated resources amounting to £1.5 million in 2016/17 and £500k in each of the remaining years of the Strategy to contribute towards school maintenance and

other corporate property expenditure (including car parking). This has been supplemented by the Schools Condition Allocation bringing the total resources available to £3.360 million in 2016/17 and £2.255 million in 2017/18.

It is probable that additional resources will be required for schools and corporate property maintenance initiatives and these are therefore included as a priority funding issue for the 2016/17 Strategy with a CIPB recommendation that any identified underspends be applied for this purpose.

2) Schools

There are several grant funded initiatives which are either included in the 2016/17 capital programme or which are going to potentially be made available as follows:

Priority Schools Building Programme – Saddleworth School

Under the Priority Schools Buildings Programme (PSBP) the Council submitted a successful bid for Saddleworth School. The PSBP will fund only the buildings but will not cover loose fixtures and fittings, ICT hardware and travel costs associated with moving the site of the school or highways infrastructure required to support the new location. There will need to be on-going discussion with the school in order that their resources are harnessed, together with Council capital resources to support the effective provision of the new school.

On 19 January 2015 The Secretary of State for Education announced the preferred site for the school and it is estimated that the new school could be open by early 2018. The Council has earmarked a total of £2.019 million of resources to support the completion of the replacement school. Current projections forecast that the resource allocated may not be sufficient to deliver the support needs currently identified. Of this sum, £1.745m has been profiled into 2016/17.

Priority Schools Building Programme - Phase 2

On 9th February 2015 the Government announced that only the bid for Royton and Crompton had been successful, however the precise level of funding available remains unconfirmed. Meetings are ongoing with the Education Funding Agency (EFA) to agree the scope of this project, the latest programme is that the EFA will be carrying out further feasibility works over the period April 2016 – June 2016, as a result of which they will be making recommendations as to the scope of works.

Targeted Basic Need Funding

All Targeted Basic Need projects, including the new special school and four school expansions, were completed within the grant conditions and in time for pupil intake in September 2015. There was an overall underspend of circa £80k on Council contributions.

Universal Infant Free School Meals

The Universal Infant Free School Meals programme has now completed, with certain schemes having been held back, most notably Greenfield, pending a decision as to location of the new school.

Schools Investment Programme

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

A full programme of work was approved for the 2013/14 and 2014/15. Most of the schemes have now completed on site, but Royton and Crompton Secondary remains outstanding, this is partly due to the bid to the Education Funding Agency under the Priority Schools Building Programme, Phase 2, where a final decision on Council funding can only be made once the availability of Government grants has been clarified.

Education Basic Need Funding to 2017/18

On 12 February 2015 the Department confirmed the previously notified (Dec 13) grant funding award of £10.745 million across 2015/16 and 2016/17 and notified the Council of an additional £15.405 million for 2017/18.

In March 2014 a series of primary school projects, utilising the first tranche of funding, was approved by Cabinet.

On 14 December 2015 the re-phasing and reallocation of previously-approved projects, together with a request to utilise £1.264 million of the 2017/18 allocation was approved by Cabinet.

The resultant increase in provision was therefore:

- Christ Church, Denshaw - expanded by 5 places per year with school funds.
- Holy Trinity, Dobcross - expanded by 5 places per year with school funds.
- Oasis Limeside, Hollinwood - the first phase of works to increase capacity by 30 places per year were completed in September 2015. A second phase is due to complete in autumn 2016.
- New 3 Form Entry Primary School, Central Oldham - works commenced on site on 1 July 2015 and are due to complete in July 2016 ready for 90 pupils per year from September 2016.
- Greenfield Primary - a £6 million total rebuild, incorporating permanent expansion of the school from 20 places per year to 60 places per year.

A programme of works for the remainder of the funds available in 2017/18 will be brought forward for approval in due course.

In addition it should be noted that, because the funding is based on local authority validated data, the Department for Education reserves the right to abate for any overpayment made resulting from inaccurate data.

School Condition Allocation (formerly Education Capital Maintenance Grant)

This funding is pooled with other Council resources to support corporate major repairs, DDA, legionella and health and safety projects.

In February 2015 the Department for Education announced details of the Schools Condition Allocation Grant, the Oldham allocation for 2015/16 was £1.955m with

indicative allocations given for the following two years. February 2016 saw formal confirmation of the 2016/17 allocation as £1.860m, once again the most recent allocation is to be taken as indicative of the likely award in the following year, assuming that further Oldham schools will convert to academies and that associated funding will be lost, £1.755m has been included in for 2017/18.

Devolved Formula Capital

The Devolved Formula Capital (DFC) allocation for 2016/17 was confirmed in February 2016 as £0.430m.

3) Leisure

In March 2012, Cabinet approved the reconfiguration of the leisure estate including the replacement of four existing facilities with the provision of two new facilities in Oldham Town Centre and Royton Town Centre. Following commercial negotiations contracts were signed in July 2014 with the new centres opening in late 2015. Planned expenditure of £1.854 million in 2016/17 is for demolition of the former sites and a new car park for the Royton facility.

4) Town Centre and Borough-Wide Regeneration

The capital programme report that was approved in July 2012 included a substantial investment in town centre and borough-wide regeneration. This extensive programme reflects the Council's commitment to re-energising the local economy and creating jobs. The investment is aimed at pump-priming a selected number of key regeneration projects which will stimulate private sector investment and economic growth and improving the infrastructure which supports local communities such as roads, schools, adult care and the leisure offer.

Since the initial approval of the investment programme there have been some changes to schemes and priorities. The most up to date position on each of the schemes is set out below.

Town Centre Regeneration

The investment programme encompasses five large scale projects, the projects outlined below are at varying stages of construction and procurement, the remaining expected financial implications of which total £89.888 million, and phased over the financial years to 2018/19 Through a co-operative, 'town team' approach, the Council will work with partners to ensure realisation of the long term vision for a more economically, socially and environmentally connected Oldham of the future.

At the heart of Oldham is the Town Centre where there is great capacity for growth. Metrolink, ultrafast next generation broadband and vastly improved public realm will create the setting for new development and investment opportunities. The Council has already committed resources to make sure this happens and is now working with development and investor partners who are leading edge, creative and keen to work with a Co-operative Council on key development projects including:

i) Hotel Future

Hotel Future is a planned development of a new hotel in Oldham Town Centre, situated adjacent to the Queen Elizabeth Hall. Options appraisal work is ongoing.

ii) Oldham Town Hall

The development is a conversion, remodelling and extension of the Old Town Hall to create an 800 seat, 7 screen cinema. It also includes six restaurants, a coffee shop and the creation of a new public square. The project is now in its delivery phase and is expected to complete in late summer/ autumn 2016. Grant funding has been approved for Public Realm work.

iii) Heritage Centre / Relocation of the Coliseum Theatre

The project involves the refurbishment of the former Grade II listed Oldham Library and Art Gallery building on Union Street. The complex will include a new theatre, a heritage centre, galleries, archives, public research rooms, foyers, bars and meeting spaces. Work is continuing to secure external funding for the revised scheme from both the Arts Council and Heritage Lottery Fund. External fund raising is being underwritten by prudential borrowing which will not be required if the funding is secured. The scheme will be delivered as a phased approach, with the old Library building completing first and opening as a Heritage Centre with a planned opening in 2019/20.

iv) Eastern Gateway / Prince's Gate

The scheme sets out a vision for a new Town Centre residential neighbourhood of 800 homes, together with a major new retail development to bolster Oldham's Town Centre retail offer, and build upon the wider improvements within the Town Centre, such as the transformation of the Old Town Hall.

The concept retail scheme design provides some 125,000 sqft over two levels with on-site car parking spaces and has successfully secured interest from Marks & Spencer.

The scheme has taken on board the recent changes to the public transport system and highway network in the area, as movement patterns have been fundamentally affected by the recent arrival of the tram. The new Metrolink stop provides a unique opportunity to establish a new gateway to Oldham.

This project will require a considerable capital investment. The Council has revised the funding package for this development using a combination of general Council capital resources, HRA and grant contributions. The revised funding was approved by Cabinet on 24th January 2016.

5) Developments in Royton

i) Royton Town Hall

In line with the Co-operative Council ethos, a capital priority is investment in neighbourhoods, in particular the creation of hubs around

neighbourhood town halls. An allocation of resource has been included in the 2016/17 capital programme to refurbish Royton Town Hall.

ii) Royton Town Centre Development

The redevelopment of Royton Town Centre funded by private sector investment which will create a 25,000sq ft. food retail outlet, refurbishment and reconfiguration of the Royton Precinct together with improvements to the car parking and public realm. Total investment is likely to be in region of £5 million - £10 million. This is likely to create around 50 new jobs at the food store. Council resources may be required to undertake complementary development.

6) Other Priority Regeneration Projects

In addition to the Town Centre regeneration projects there are several other priority regeneration projects that the Council has agreed or will continue to support via the investment programme. These will require investment, planned at £7.112 million in 2016/17.

i) Hollinwood / Langtree

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

ii) Foxdenton

A Local Development Framework (LDF) for Foxdenton was adopted on 9 November 2011. There has been a site allocation of c.130 acres (including around 10 acres of Council-owned land) and this has now been confirmed in planning policy terms as a Business Employment Area. The LDF also accepts the principal that there will be up to 25% residential development on the site in order to help cross-subsidise the provision of infrastructure etc. and to make the wider development viable.

There is the potential for the development to deliver in the region of 300 new homes, over 1million square feet of new business space and the creation up to 1,500 jobs over the next 5-10 years. The Council is currently consulting with local residents and businesses over this development.

iii) Public Realm

Work began in 2014/15 on the Yorkshire Street Triangle and Town Centre Public Realm, inclusive of works to major town centre capital projects. Connectivity works which enhance the public realm links to the town centre from the Metrolink sites are continuing. A transformational Public

Realm Implementation Framework has been produced which sets out how the Council's ambitions for a regenerated public realm can be realised. Further public realm improvements will be incorporated into new developments including Yorkshire Street and Hotel Future.

7) Strategic Acquisitions

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

- Best-placed to benefit from any scheme value, or
- May benefit the Town Centre by adding value in other areas, or;
- Adjoining existing Council-owned land.

Linked to this is the potential to acquire properties which will generate an investment return in the form of rental income. This would provide a revenue income source to support the Council's budget and may also support regeneration in the borough.

8) Digital Infrastructure Initiative

The 'Get Digital Faster Programme', which was previously known as the Greater Manchester Rural Broadband Programme, is currently being delivered in partnership with BT to deliver connectivity to homes and businesses across Greater Manchester (GM), (excluding Manchester and Salford as they are funded via the Urban Broadband Programme).

The programme has the benefit of £3.54 million Broadband Delivery UK (BDUK) funding which has been used together with ERDF and GM funding to meet the cost of a £15.25 million programme of interventions in the eight GM authorities. The Council committed a total of £368k capital to the scheme to match two phases of BDUK funding, of which £41k has been re-profiled to 2016/17.

5. HOUSING REVENUE ACCOUNT (HRA)

There is one HRA scheme with a confirmed resource requirement for 2016/17 as follows:

Safety works – Extra care Housing

As part of the introduction of an extra care housing offer into 6 sheltered group schemes, capital works are being undertaken. These include installation of CCTV, improved boundary treatments, the installation of sensory gardens and improved landscaping at Hopwood Court, Tandle View Court, Trinity House, Aster House and Old Mill house. The capital provision for the works is £194k across 2015/16 and 2016/17.

Through the Housing Revenue Account, a number of additional capital schemes are proposed for future progression.

Solar Photovoltaic panels – PFI sheltered housing

Following approval, in 2015 a pilot programme has just been completed to install photovoltaic (PV) panels on 2 group schemes and 32 bungalows within the Council's sheltered housing PFI project. The estimated cost will be £287k, funded through the Housing Revenue Account.

The benefits of the scheme will be to:

- Reduce energy bills for tenants in bungalows and flatted accommodation by an estimated £150 to £200 per annum.
- Reduce the proposed service charges for grouped schemes by reducing expenditure on communal heating and lighting (currently borne by the Council's Housing Revenue Account).
- Provide a source of income for the council in respect of Feed in Tariffs

Should the pilot prove successful, then the original intention was to roll out the installation programme across the whole scheme at an estimated additional capital cost of £1.4 million. However, the recently-announced reductions to future Feed in Tariff rates (which do not impact upon the pilot phase) will significantly affect the viability of future phases.

A new appraisal will be undertaken in early 2016 and a report submitted to Cabinet outlining which, if any elements of the remainder of the scheme should still progress.

Supported Housing For Adults With Complex Learning Disabilities

Options are being considered to provide an alternative accommodation offer for adults with complex learning difficulties, either by way of a new-build scheme or provision of an alternative housing offer utilising the existing stock. Any costs associated with the project would be funded through the Housing Revenue Account. If approved, it is anticipated that 10% of the expenditure would be incurred in 2016/17 with the remainder in 2017/18. Preliminary discussions with the Homes and Communities Agency indicate that the scheme may qualify for Affordable Homes Programme funding.

Houses for Sale at Primrose Bank

As part of the Gateways PFI scheme, the Council entered into a development agreement with Inspiral Developments (Oldham) Limited (IDO) to build out homes for private sale. Due to the poor level of sales of the initial phase of this development, IDO has not exercised its option to build out subsequent stages in 2013/15 and has agreed to relinquish its rights for one of the sites. This enables the Council to commence a development comprising 17 houses for private sale. The proposed site is fundamental in terms of achieving the transformation objectives of the project and much of the estate infrastructure has already been completed on this site.

The main benefits of the project are to:

- Complete the Primrose Bank regeneration project in an area that could remain blighted.
- Build attractive homes for sale, addressing the shortage of family homes in the borough.
- Support a mix of tenure within the Primrose Bank area.

Following a tender process through HCA's Development Partner Panel framework, Cabinet approved the appointment of Keepmoat as the development partner in October 2015. It is hoped that construction will commence in February 2016 subject to receiving deposits from eight prospective purchasers.

The fall-back position, in the event the properties do not sell, is to add the houses to the Council's HRA stock. The cost of this option (assuming a worst case where no properties sell privately) would be recouped from net rental income over the term of the HRA business plan, without incurring a net loss to the Housing Revenue Account.

Prince's Gate Affordable Housing

As part of the Prince's Gate scheme, which will see new retail uses and up to 800 homes built within the Mumps area of Oldham Town, indicative funding is available within the Housing Revenue Account to support new affordable housing development. This could include 55 apartments in the first phase of the development programme to be delivered in 2017/18.

6. FUNDS YET TO BE ALLOCATED

As a result of the 2015/16 annual review of the capital programme, rolled forward funds of £900k are available for allocation to priority projects in 2016/17. In addition, £4.5 million of resources identified from the 2015/16 revenue budget are also available bringing funds yet to be allocated to £5.4 million. This sum may be supplemented by additional revenue resources as a result of slippage in the 2015/16 spending profile.

PRIORITIES FOR 2016/17 ONWARDS

This section highlights potential priority investment areas for 2016/17 onwards. These will be taken forward subject to the availability of resources and the approval of a full business case. Further details are provided at Section 3 of the Capital Strategy 2016/21.

1. EXISTING PROGRAMMES

There is a requirement for continued funding of existing programmes of work:

- i) Corporate Major Repairs, Disability Discrimination Act (DDA) Adaptations, Legionella, Health and Safety Projects (Corporate Landlord Function).
- ii) School Condition Works.

2. NEW PROJECTS

In addition to the projects specifically referred to above, the following is a list of further/new projects for which funding may be required:

- i) Adult Social Care
- ii) Unforeseen/emergency Health and Safety works
- iii) Low Carbon and Energy Efficiency Initiatives
- iv) School Investment/ Pupil Places Pressures
- v) Priority School Building Works
- vi) Playing Pitch Strategy
- vii) Surplus Sites
- viii) Association of Greater Manchester Authorities (AGMA) Green Deal Scheme
- ix) AGMA Growing Places Loans
- x) Town Centre Regeneration
- xi) Borough-Wide Regeneration
- xii) Car Parking
- xiii) Foxdenton
- xiv) Housing Projects in support of Government Housing Initiatives

- xv) Equity Home Loans
- xvi) Supported Housing for Adults With Complex Learning Disabilities
- xvii) Greater Manchester Devolution-Related Initiatives
- xviii) Partnership and Joint Working
- xix) Matched Funding for Grant Bids
- xx) Support for the Councils Co-operative Ethos
- xxi) Refinancing PFI and Public Private Partnership (PPP) type agreements

CAPITAL INVESTMENT PROGRAMME BOARD

TERMS OF REFERENCE

The Capital Investment Programme Board (CIPB)'s terms of reference are:

1. To develop the overall Capital Strategy and annual programme in accordance with the priorities set out in the Council's corporate plan.
2. The recommendation of the overall Capital Strategy and programme to Cabinet and Council.
3. Once the overall Strategy and annual programme of expenditure have been approved at Council:
 - The consideration and recommendation of approval of the detail of the thematic programmes (e.g. Highways Capital Programme).
 - The consideration and recommendation of approval of any amendments to the annual programme.
 - The recommendation of approval of any new capital projects.
 - The detailed appraisal of projects, taking into consideration the Council's Capital Strategy, priorities and annual aims and objectives.
 - The review of potential commercial risk and Value for Money issues on any proposal for the use of capital.
 - To provide a forum for establishing and providing robust challenge and debate around the capital programme.
 - To undertake a detailed annual review of the capital programme.
 - Monitoring of the performance of projects and programmes within the Council's capital programme.
 - The review of the Council's capital programme on an on-going basis and to ensure it is achieving the agreed outcomes and consideration of the financial monitoring report.

MEMBERSHIP

The Chair of the CIPB is the Cabinet Member for Finance and HR. The Leader of the Council will have a standing open invitation; other Cabinet Members may be invited to attend CIPB at the discretion of the Chair.

The lead Chief Officer for CIPB is the Executive Director – Economy and Skills.

Officers in attendance at CIPB are:

- The Director of Development and Infrastructure (the Corporate Property Officer).
- The Director of Finance
- Senior Members of the Finance Team.
- Director of Economy and Skills
- Director of Education
- External Funding Manager.
- Representatives from Legal Services, Human Resources, Procurement and Information Technology as required.

All Directorates will be represented at Director level by invitation to attend CIPB as and when projects for which they are responsible are being considered. The Chair may also invite the relevant Cabinet member to attend when a project within their portfolio is being discussed.

The CIPB is supported in its work by the Strategic Regeneration Project Management Office which oversees the management and governance of strategic regeneration projects.

REPORTING

CIPB will report to Cabinet, Council and the Overview and Scrutiny Performance and Value for Money Select Committee as appropriate.

CIPB has a remit to review the financial performance of the capital programme and it will receive a monthly monitoring (highlight) report.

Issues that have been considered and agreed at the CIPB can be reported to Cabinet as necessary via the regular financial monitoring reports, presented at months 3, 6, 8 and 9.

DECISION MAKING

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

Recommendation:
Approval of business cases.

Decision-Taker
Cabinet Member for Finance and HR, in consultation with the Executive Director Economy and Skills, and the Director of Finance.

Virements within approved programme areas.

Cabinet Member for Finance and HR, in consultation with the Executive Director Economy and Skills, and the Director of

Virements between programme areas.

Finance
Cabinet Member for Finance and HR, in consultation with the Executive Director Economy and Skills, and the Director of Finance

DECISION RECORDING

CIPB will make recommendations on receipt of a formal delegated decision report which will be presented to the appropriate Members/Officers for approval. Key decisions must be included in the published key decision document and all decisions taken (see above) will be recorded on Modern.Gov

GOVERNANCE

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

- Strategic business case – initial concept/scope of a project.
- Outline business case - delivery strategy to design and procurement stage.
- Full business case - design and procurement stage to delivery and handover stage.

CIPB SUB-GROUPS

CIPB may at its discretion convene a sub-group for a specific purpose or purposes. Updates from these meetings are reported to CIPB.

The core officer membership for each sub-group comprises:

- The relevant Director for specific Boards as Chair; e.g. the Director of Education & Early Years chairs the Schools Capital Programme Board.
- The Director of Legal Services
- The Director of Finance

Current sub-groups are:

- Major Projects Programme Board
- Joint Ventures Management Board
- Corporate Property Board
- Schools Capital Programme Board
- ICT Programme Board
- Transport Programme Board
- Residential Development Board

In addition there is an External Funding Group, chaired by the Director of Finance. The remit of this Group is to:

- Manage external funding at a strategic level.
- Identify potential grants and additional sources of funding.
- Manage the process for applying the funding and approve all bids for funding.
- Monitor on-going compliance with grant terms and conditions and assess any financial risk including grant claw back.
- Provide a Regeneration Plan/framework that can enable the Council to proactively react to funding opportunities as they arise.
- Ensure there are sufficient resources for the Council to be fully embedded within Association of Greater Manchester Authorities (AGMA), particularly important in light of devolution.
- Ensure there are sufficient personnel to enable the Council to proactively react to funding opportunities as they arise.

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CAPITAL PROGRAMME 2016/17 to 2020/21

BUDGETS	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000
Co-operatives and Neighbourhoods					
District Development	646				
District Investment Fund	336	200	200	200	200
Transportation	9,916	3,086	1,973	1,973	1,973
Private Sector Housing	990	250	300		
TOTAL	11,888	3,536	2,473	2,173	2,173
Health and Wellbeing					
Social Care	1,452	400	400	400	400
Disabled Facilities	1,073				
IT Investment	130				
TOTAL	2,655	400	400	400	400
Corporate and Commercial Services					
IT Investment	1,055	249	249	249	249
TOTAL	1,055	249	249	249	249
Economy and Skills					
Corporate Property	7,155	2,255	500	500	500
Schools	12,461	15,405			
Leisure	1,854				
Town Centre and Borough-Wide Regeneration	29,509	56,072	3,522	785	
Royton Town Hall and Royton Town Centre	1,300				
Other Priority Regeneration Schemes	7,112	92			
Digital Infrastructure	41				
TOTAL	59,431	73,824	4,022	1,285	500
Housing Revenue Account					
Extra Care Housing	114				
Capital General					
Funds to be Allocated	5,402				
BUDGETS TOTAL	80,545	78,009	7,144	4,107	3,322

CAPITAL PROGRAMME 2016/17 to 2020/21

FINANCING	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Ringfenced Grants					
Highways Maintenance Challenge Funding	-1,732	-906			
Cycle City Ambition Grant	-915				
Devolved Formula Capital (Schools)	-1,197				
DfT – Local Pinch Point Funding	-228				
Flood Defence - Flood & Coastal Risk Management Grant	-185				
Greater Manchester - Integrated Transport Block Grant	-460				
Local Growth and Reform (Round 2) - Transport	-640				
Local Growth and Reform (Round 2) - Regeneration	-2,800	-1,500			
TOTAL	-8,157	-2,406			
Un-Ringfenced Grants					
Basic Need Capital Grant	-6,097	-15,405			
Schools Condition Allocation	-4,320	-1,755			
Disabled Facilities Grant	-1,973				
Local Transport Plan (LTP) Grant	-330				
LTP - Highway Maintenance Grant	-2,716	-2,180	-1,973	-1,973	-1,973
LTP - Loan	-611				
Universal Infant Free School Meals (Kitchens)	-115				
Prior Year Grants Carried Forward	-466				
TOTAL	-16,628	-19,340	-1,973	-1,973	-1,973
Capital Receipts					
Agreed Council Resources	-10,857	-7,114	-6,232	-1,280	-1,280
Revenue Contributions Brought Forward	-18				
TOTAL	-10,875	-7,114	-6,232	-1,280	-1,280
Other Contributions					
Contributions from Third Parties		-7,500			
TOTAL		-7,500			
Other Resources					
- Prudential Borrowing	-27,070	-36,506	1,061	-854	-69
Prudential Borrowing - underwriting expected grants, contributions and fundraising	-9,440	-1,500			

FINANCING	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Revenue Contributions					
Housing Revenue Account	-2,547	-4,867			
Other	-4,605				
TOTAL	-7,152	-4,867			
FINANCING TOTAL	-79,321	-79,233	-7,144	-4,107	-3,322
(Under)/Over Programming	1,224	-1,224	0	0	0