

HERTFORDSHIRE COUNTY COUNCIL CAPITAL STRATEGY 2001/2 ONWARDS

This strategy provides the overarching corporate framework within which the council manages its assets to deliver its cross-cutting and service specific objectives, working with its key partners in the public, private and charitable/voluntary sectors. The council's approach to capital investment is driven by the promises made in the Best Value Performance Plan, following wide consultation with partners and the public, which included focus groups and the use of the Citizens' Panel. These promises will evolve as the Community Strategy for Hertfordshire is developed with partners in the new "Herts Together" forum over the next year, and as the lessons from our local community strategy pilots in a range of towns and villages are spread across the county.

How promises direct capital investment.

The council's capital investment is directed to the achievement of the council's key promises as follows:

Promise: To make Hertfordshire a better place to work and live we will:-

- Spend £12m in 2001/2 to improve the maintenance and safety of the county's roads, and plan to continue this investment in future years.
- Build a new waste recycling centre at Waterdale to assist in meeting our medium term target for the level of recycling in the county.
- In partnership with Broxbourne Borough Council, we will provide pump-priming investment to open up the Essex Road key employment site.
- Relocate three fire stations to ensure we provide the best levels of fire cover to our communities.

Promise: To improve education and give children a better future we will:-

- Ensure school property is appropriate in terms of suitability, condition, sufficiency and cost and that teaching spaces are suitable for delivery of the curriculum, which will include investing £39m in the schools stock in 2001/2 alone.
- Ensure that libraries have appropriate accommodation and information technology (IT) facilities to provide lifelong learning opportunities. A rolling programme to enhance IT investment in our libraries is planned to begin from 2001/02.
- Work with other agencies in the Hertfordshire Learning Partnership to identify opportunities to use our combined property and IT assets to further the spread of "learning villages" across the county.

Promise: To help people to lead independent lives and to involve and serve the public we will:-

- Continue to work with Health partners and the District Councils to provide extra care sheltered housing places to enable people to stay in a supported home environment. A 40 unit scheme is planned with Hertsmere Borough Council, and a further 450 places are planned in the next three years.
- Work with housing providers and care providers to replace 6 learning disability hostels with imaginative new housing schemes to promote independent living, providing 40 new places per year.
- Combine our resources with Health in the new Hertfordshire NHS Partnership Trust to plan the use of our assets to develop Mental Health services.
- With partners, reorganise our office space to foster the development of unified access to our children's services, ensuring a cross profession and interagency provision of client focussed services.
- Invest in IT network, systems and disabled access to support unified access for all members of the community to council and other public services, at suitable locations, or via the internet or our customer services centre, to promote social inclusion and take forward the council's "Putting People First" equality policy.

Corporate capital objectives supporting the delivery of promises

To underpin these promises, the council has established corporate objectives for the management of its assets and capital investment, which in conjunction with service specific objectives drive the development of the corporate asset management plan and capital programme. These objectives are used in the corporate prioritisation of all capital proposals.

- To ensure the assets used by the council and its service partners meet service delivery needs in terms of their condition, suitability, sufficiency, cost, location and their environmental impact.
- To ensure co-ordinated investment in information systems and communications infrastructure, to increase efficiency, to increase public access to information and provide joined up services to meet public expectations for access and service delivery, plus to achieve compliance with the requirements of Implementing Electronic Government by 2005.
- To protect the financial and environmental value of the assets used and to seek best value by striving for lower lifetime costs.
- To ensure compliance with relevant legislation and regulations affecting assets.
- To release assets that do not meet service delivery needs and reinvest the proceeds in the maintenance and modernisation of services.
- To reduce office space in order to release underused assets for reinvestment in services and to support customer focussed, flexible working practices, in accordance with the council's WorkWise policy.
- To maximise the benefits to Hertfordshire of the deployment of the council's and its partners' assets, through working in partnership with other agencies, to develop community focussed solutions.

These objectives relate to the management of all the council's assets including property, infrastructure, and information technology equipment and systems.

These corporate capital objectives help shape service plans, and service property strategies, the Information Strategy, corporate Information Systems (IS) Strategy, IEG Statement and Strategy, corporate Information and Communications Technology (ICT) Plan and the corporate asset management plan.

Linking the Capital Strategy to other relevant strategies and plans

In response to the audit of our 2000/1 Best Value Performance Plan the council is strengthening its mechanisms to ensure that linkages between all of its key strategies and plans, including the capital strategy are made clearer. To this end, a Performance and Planning Group, consisting of Assistant Director level officers from service and corporate departments has been established to monitor progress in the achievement of our performance targets, to ensure the consistency of our strategies and plans across the board, to ensure that our Best Value Review programme meets the organisation's needs and that benefits are delivered. The group will meet four times a year to review progress in achieving objectives, to develop the linkages across our various plans and to recommend any remedial action required to the cabinet and the Strategic Management Board. The group's remit will involve the consideration of all key plans including the Economic Development Strategy (which includes the objective to promote social inclusion), Annual Library Plan, Children's Services Plan, Local Agenda 21 Strategy, Waste Plan, Early Years and Childcare Development Plan, Education Development Plan, Local Transport Plan, Youth Justice Plan and Lifelong Learning Development Plan, Corporate Asset Management Plan, Information Strategy, Information Systems Strategy, ICT Plan and IEG Statement and Strategy, as well as progress on the emerging Community Strategy.

The Corporate framework for prioritising capital investment

All major capital investment proposals with a value of £100,000 or above, including self-financing, grant funded and joint funded schemes are considered within the following corporate framework.

Business cases are required which must address the following issues to inform the assessment of the priority, deliverability and affordability of the project.

- **Statement of need** – how the proposal contributes to achievement of BVPP promises, corporate capital objectives and service strategies
- **User/ community consultation** – how stakeholders have been involved in the identification of need and preferred solution. Increasingly this will include demonstration of how the proposal advances local community strategies.
- **Option appraisal** – summary of options considered (including the “do-nothing” option and alternative forms of procurement) and rationale for preferred solution - including supporting financial appraisal. In future, cases will be required to use net present value and whole life costing techniques.
- **Financial summary** – costs and savings, funding sources, tax implications
- **Outcomes** – explanation and quantification of outcomes to be achieved
- **Project plan** - including project management arrangements
- **Risk analysis** – assessment of potential delays and funding or cost variations

A corporate training programme is planned for 2001/2 to ensure that all project managers, project sponsors and their technical support staff are able to deliver high quality business cases.

Business cases are then prioritised by services and considered by the Corporate Priorities Officer Group (CPOG) led by the County Property Officer and including senior representatives from major services, finance and information services, who review cases for their fit with county objectives, their practical deliverability and their affordability.

Following the Best Value Review of Information and Communications Technology the corporate Information Board, consisting of Assistant Directors with responsibility for resources and IS/ICT strategy from all services, review all major IS/ICT proposals, prior to submission to the CPOG, to ensure proposals fit with Corporate Information Systems Strategy and ICT policy re compatibility and standards.

Once service priority lists and business cases have been amended to reflect the decisions of the CPOG, they are presented to the Cabinet, who with officer assistance, develop the prioritised draft capital programme, with reference to fit with BVPP promises and corporate capital objectives. The Programme is then scrutinised by the Resources Select Committee before final approval by the County Council.

Where opportunities to bid for additional resources arise outside of the annual planning cycle, the same rigorous business case requirements have to be satisfied before consideration by CPOG and subsequent Cabinet consideration. Proposals may only proceed where they are proved to meet corporate and service objectives and represent a value for money solution.

In developing business cases, services are required to determine whether a revenue based solution to the identified need is more appropriate. The capital programme review process takes place alongside the development of the revenue budget and the revenue implications of proposals are incorporated into medium term financial strategy development. To ensure that revenue and capital choices are considered alongside each other and that capital is not seen as a free good by services, the council operates a simple capital payback system. Services that receive capital resources are required to payback this investment to a corporate pool over a specified period of years. The capital payback reserve created by this mechanism is recycled to support further capital investment in future years.

The Corporate framework for monitoring/ evaluation

Following the Best Value Review of Asset Management, the officer roles of project sponsor and project manager have been clearly defined. Within the council's framework for monitoring capital schemes the responsible project sponsor is required to monitor progress on a monthly basis and report any issues arising to the relevant Chief Officer and the County Property Officer. Summarised monthly monitoring reports are made available to all members, and where decisions are required during the year regarding slippage in projects, bringing forward the start of planned projects or the emergence of new priority projects these are considered by the Cabinet, with decisions being scrutinised by select committee spokesmen. On a quarterly basis, the Cabinet receives overall capital monitoring reports and considers any actions required as a result of project over/ under spends or slippage.

After the completion of a capital project, the project sponsor is required to review / evaluate the project both in terms of its effectiveness in delivering the planned service outputs and in terms of the process by which the project was achieved. The level of review required will depend on an assessment of the scale, complexity and project risk involved in the project. The approach is being finalised but in addition to the project sponsor, the project manager, contractors and where appropriate independent advisers will be involved in the review. Final review reports are circulated to the relevant Chief Officers and the County Property Officer, and where significant issues arise these are reported to members.

Following initial review of the operation of the new project sponsor/project manager system, existing corporate guidelines are being further enhanced in the areas of project cost estimation, risk allowances, contract management and project monitoring and evaluation. Project processes are also being modified to take account of the project gateway approach recommended by the Office of Government Commerce. A corporate training programme for all project managers and project sponsors has now also been developed.

Performance Measurement

Property performance management is being overhauled to provide data linked to the achievement of corporate objectives, The set of performance indicators will include DLTR national indicators, relevant Construction Best Practice indicators and local indicators. Benchmarking will be done at a national level using the DTLR and CBPP indicators, with additional local benchmarking also being undertaken. An annual report on property performance will be presented to cabinet.

Working with partners

This section explains the range of partnerships the council has developed, which assist in the corporate capital objective of maximising the benefit to Hertfordshire of the deployment of the council's and its partners' assets.

Partnerships are fostered through arrangements such as -

- the Hertfordshire Prosperity Forum,
- Herts Together – the Hertfordshire Local Strategic Partnership and district focussed local strategic partnerships,
- Hertfordshire NHS Partnership Trust (for mental health services)
- the Community Safety Partnership
- the county-wide Local Management Group for the European Social Fund,
- Hertfordshire Learning Partnership
- the area SRB partnerships in District areas
- district focussed Highways Partnerships,
- The Health Improvement Leadership Group and district based joint working with primary care trusts.
- The Town Renaissance Campaign

Community and local service needs are discussed and agreed through these partnerships and each partner's contribution to meeting these needs considered. The methodology for measuring need and monitoring progress is set by the partnerships with particular reference to the demands of the relevant funding streams.

More recently Hertfordshire's groundbreaking work on measuring need at a neighbourhood level (which is attracting national interest) will assist greatly in putting resources where they are most needed. To assist in the conversion of partnerships aspirations into reality senior officers of the council act as liaison with each district or partnership organisation. For example, in the south west of the county, the council is working with Three Rivers District Council, to enhance a wide range of community facilities within South Oxhey, using the council's surplus assets, Capital Challenge and Lottery funding.

Elsewhere, the council is working with districts to develop relevant school sites into broader community assets encompassing social, leisure and lifelong learning facilities. Examples of this are The Westfield School in Watford, and the Meridian School in Royston. These initiatives, generally supported by Lottery and SRB funding, are enabling communities to obtain greater value from the resources represented by school land and buildings.

In support of the county's lifelong learning strategy work with the Hertfordshire Learning Partnership, the Learning & Skills Council, the colleges and districts has created community based learning centres in Hitchin and Stevenage and in a number of rural locations through the "learning villages" programme.

The council also continues to seek to work with the private and voluntary sectors to find innovative ways of securing necessary capital investment in priority services, as with the transfer of the council's elderly persons' homes to the voluntary sector organisation Quantum Care.

The Council approach to consultation

Together with partners we have established the "Herts Together" Forum consisting of district local authorities, health agencies, the voluntary sector and business community to develop the community strategy for Hertfordshire with a target date for completion of September 2002.

We are using our website and customer services centre to extend the ways we consult with the public and we are running targeted consultation programmes with hard to reach residents to identify the best ways of ensuring an inclusive approach to consultation.

On behalf of the Herts Local Government Association, the council has been working with partners to develop community planning based service delivery through a number of targeted studies in Watford, Buntingford, South Oxhey, Hitchin and Royston. As a result of this work, we are delivering provision in South Oxhey to promote access to employment and training opportunities in line with community priorities.

In addition to a range of service/issue specific arrangements for feeding back to stakeholders, we also use our new quarterly newspaper "HertsDirect" and increasingly our website as vehicles for public consultation and to feedback to the community on our progress.

The council approach to procurement

Leading on from our Best Value Reviews of Procurement, Asset Management and Highways related services the council is moving forward in a variety of ways that are particularly relevant to this capital strategy. Our overall procurement strategy emphasises the partnering approach using outcome based longer term relationships to promote continuous improvement, the need to use its purchasing power in partnership with others to influence the development of markets and harness economies of scale, and in line with Local Agenda 21, the importance of sustainability issues as a criterion in procurement decisions.

The council has a well-established history of seeking innovative approaches to the procurement of services, for example, its relationship with Quantum Care and Runwood Homes for the operation of elderly person's homes. The council has a positive approach to the consideration of the opportunities that Public/ Private Partnerships (PPP) offer and we are pursuing the possible use of PPP as the vehicle for developing a major schools refurbishment. Final decisions on this and future schemes will be based on objective assessment of the long-term value for money of alternatives.

In response to the changing environment for property procurement the council has already voluntarily externalised its property services and adopted Egan targets for the procurement of property. Following the Best Value Review of the council's asset management function, new strategic contracting arrangements for the procurement of capital projects and repair and maintenance are being implemented in order to improve the speed and reduce the cost of the procurement process. The council is also updating its building specification standards for capital works on major projects to reduce design, procurement and building costs.

In the area of procurement of highways services the council has for some time adopted the principles contained within both Latham and Egan reports on re-thinking construction. Following a Best Value Review of this service, from October 2002 the service will now be built around a Client/ Provider Alliance with a term consultant working alongside a term contractor, working with the client in a tripartite arrangement to deliver the entire highway service. The innovative project has been accepted by the Movement for Innovation (M4I) as an organisation demonstration project.

Corporate review of existing assets

As a result of the Best Value review of the asset management function, the following approach to the review of the council's property portfolio has been implemented.

A core team of specialists reporting to the County Property Officer manages the corporate property review system. Cross service reviews are conducted with appropriate service officer involvement to:

- examine current and future need for property
- examine current and future standards for property provision
- examine available information on sufficiency, suitability, condition and cost
- test the performance of each asset to meet the identified needs and standards
- identify where there is opportunity for change to release value or to make assets better fitted for purpose
- identify other change opportunities, for example, suitability for other use or to work with partner organisations

All capital receipts that are achieved are considered to be a corporate resource and their use to support further capital investment in the county is reviewed on a corporate basis. Arrangements are in place for replacement asset schemes, which involve services developing robust costed business cases for the replacement asset required. Once the affordability and value for money of a project has been agreed in consultation with the Corporate Property Officer, Cabinet may approve the scheme, requiring the service to deliver within the approved sum, and leaving any potential receipt surplus or deficit on the disposal to be managed corporately.

The Major Sites Group lead by the Finance Director and County Property Officer monitor the receipts programme on a quarterly basis to ensure receipts targets are delivered and any cash flow implications re the forwarding requirements for self financing schemes are appropriately managed.