

**DRAFT**

**HERTFORDSHIRE COUNTY COUNCIL  
CAPITAL STRATEGY 2003/04 ONWARDS**

**This strategy brings together the capital dimensions of the authority's corporate and service strategies, sets out the processes that underpin the delivery of strategic outcomes and describes developments in the council's strategies and processes that are in place, or planned, for the next three years**

## 1. Introduction

- 1.1 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 capital investment priorities are driven by the promises made in the Best Value Performance Plan (BVPP).
- 1.2 The promises are informed and shaped by the views of Hertfordshire citizens and partners through regular consultation to identify overall concerns and priorities. Targeted consultation also takes place to inform each of our service strategies. Citizens' highest priorities are better maintenance of roads, improved health and care through working with the NHS, reducing crime and anti-social behaviour and the protection of the green field sites from development. The countywide community planning partnership, Herts Together, provides the means by which shared community planning priorities are developed and strategies for delivering them agreed.
- 1.3 The strategy is refreshed annually with the Finance Director and Corporate Property Officer leading the review process which involves the Performance and Planning Group of senior officers with strategic responsibilities from all departments, the Executive Member (Resources), and the cabinet.

## 2. How promises direct capital investment

- 2.1 Over the next three years 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 live and work we will:-*

- Spend £22m to improve the maintenance and safety of the county's roads in the next 2 years and bid for funding to allow this level of investment to continue in future years.
- Spend £26m on a range of integrated transport projects to reduce the detrimental effect that traffic has on people's environment. Major projects include the development of the Baldock by-pass and the Croxley Rail Link.
- Build a new waste recycling centre at Waterdale and redevelop the Household Waste recycling centre at Harpenden to assist in meeting our medium term target for the level of recycling in the county.
- Relocate three fire stations to ensure we provide the best levels of fire cover to our communities.
- Invest at least £500,000 per year in supporting new key worker housing schemes to assist in achieving our PSA target to deliver affordable housing units for key workers

*Promise: To offer 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. This will involve investing at least £71m in the schools stock over the next three years.
- Ensure that libraries have appropriate accommodation and information technology (ICT) facilities to provide lifelong learning opportunities. A rolling programme to enhance ICT investment in our libraries is underway.

*Promise: To help people to help themselves 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 built with Hertsmere Borough Council will be opening in autumn 2003. It is planned to provide a further 40 places per year across the county in the next three years.
- Continue to work with housing providers and care providers to replace 8 learning disability hostels with imaginative new housing schemes to promote independent living, providing 40 new places per year.
- Continue to combine our resources with the Primary Care Trusts and Hertfordshire Partnership NHS Trust to plan the use of our assets and joint investment to develop mental health services.
- Undertake joint initiatives with the NHS and primary care trusts to integrate health and social care provision and make better use of capital resources and assets, for example the reprovision of Western House Hospital in Ware.
- With district councils and the NHS, reorganise our office space to foster the development of unified access to our services, to rationalise our collective office stock, produce efficiencies and improve working conditions for staff.
- 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, our customer services centre or our new digital TV channel, to promote social inclusion and take forward the council's "Putting People First" equality policy.

### **3. Corporate capital objectives supporting the delivery of promises**

- 3.1 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 Property 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 (IEG) by 2005.
- To protect the financial and environmental value of the assets used and to seek best value by striving for lower lifetime repair and running costs.
- 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 under-used assets for reinvestment in services and to support customer focused, 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 focused solutions.
- To ensure compliance with relevant legislation and regulations affecting assets.

3.2 These corporate capital objectives also help shape service plans, and service property strategies, the Information Strategy, the corporate Information Systems (IS) Strategy, the IEG Statement and Strategy, the corporate Information and Communications Technology (ICT) Plan and the Best Value Review programme.

#### **4. Linking the Capital Strategy to other relevant strategies and plans**

4.1 To ensure that all of its key strategies and plans, including the capital strategy are firmly linked, a Performance and Planning Group, consisting of Assistant Director level officers from service and corporate departments monitors progress in the achievement of our performance targets, ensures the consistency of our strategies and plans across the board, and ensures that our Best Value Review programme meets the organisation's needs and that benefits are delivered. The group meets regularly to review progress in achieving objectives, to develop the linkages across plans and to recommend any remedial action required to the cabinet and the Strategic Management Board. The group's remit involves the consideration of all key plans and strategies, as listed in the BVPP. In addition the capital strategy closely links to the council's Public Service Agreement

delivery plan with capital investment targeted at the key PSA targets, aimed at delivering the council's promises.

## 5. The corporate framework for prioritising capital investment

- 5.1 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.
- 5.2 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 the preferred solution - including supporting financial appraisal.
  - **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.
- 5.3 Business cases are then prioritised by services with relevant Executive Members 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.
- 5.4 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.
- 5.5 Once service priority lists and business cases have been amended to reflect the decisions of the CPOG, they are considered by the Executive Member (Resources), who, with officer assistance, develops the prioritised draft capital programme based on how proposals fit with BVPP promises and corporate capital objectives, for presentation to cabinet. The proposed programme is then considered by the Resources Scrutiny Committee before final approval by the Council.

- 5.6 Where opportunities to bid for additional resources to progress our key priorities 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.
- 5.7 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. The expected introduction of the Prudential capital code from 2004/05 will enable the integration of revenue and capital decisions to be further improved. 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.

## **6. The corporate framework for monitoring/ evaluation and performance measurement**

- 6.1 To monitor high level delivery of project outcomes, the Capital Priorities Officer Group will meet twice a year to review all major schemes implemented in the previous six months. The review will consider the extent to which they achieved the stated outcomes in terms of meeting BVPP promises and capital objectives, taking account of stakeholder and partner organisations' feedback on outcomes. These reviews will also consider key aspects of time, cost and quality relating to project delivery, the results of benchmarking activity and lessons learned will be fed into the capital programme review process. A summary of these review sessions will be presented to cabinet members.
- 6.2 Following the Best Value Review of Asset Management, the council's framework for monitoring capital schemes requires the responsible project sponsor 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 considered by scrutiny 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.

- 6.3 All property projects above £25,000 are implemented through the council's gateway project process, which is based on the Office for Government Commerce's advice on procurement. At the final gateway in this process, the results and performance of each project will be evaluated and reported in writing to the user (e.g. school governing body), the client sponsor department, the consultant, the contractor, the County Property Officer, the relevant cabinet portfolio holder and the Executive Member (Resources).
- 6.4 The measurement of property performance, in terms of the property portfolio, property processes and services, is reported in the annual Property Performance Report. The learning from this exercise informs the Property Plan and the Business Improvement Programme which targets the actions the council will take to improve its property processes and services.
- 6.5 Property performance management has been overhauled to provide data linked to the achievement of corporate property objectives. Performance indicators in use include ODPM national indicators, relevant Construction Best Practice indicators and local indicators. Benchmarking is underway at a national level using the CBPP indicators, and benchmarking with other southeast counties is being developed, using the ODPM indicators.
- 6.6 A dedicated member panel monitors the development and achievement of the delivery of e-government targets, with the targets to be extended to include measures of customer satisfaction and the take-up of services. Joint member panels with districts monitor the performance of highways projects and services and then feed into decision making on the allocation of resources.
- 6.7 In the fields of ICT, property and roads maintenance, service contracts are now designed to reward the achievement of business benefits, with the development and monitoring of key performance measures being a key part of the contractual arrangements.

## **7. Working with partners**

- 7.1 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.
- 7.2 Herts Together (the Hertfordshire Local Strategic Partnership) has themes for its community strategy and they are being turned into actions through existing and reconfigured countywide partnerships. Community and local service needs are discussed and agreed through these partnerships and each partner's contribution to meeting these needs considered. Hertfordshire's groundbreaking work in setting up the Hertfordshire Observatory, measuring needs at a neighbourhood level, assists 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.

7.3 Key partnership arrangements are fostered through the Hertfordshire Prosperity Forum, Hertfordshire Partnership NHS Trust (for mental health services), the Community Safety Partnership, the county-wide Local Management Group for the European Social Fund, the Hertfordshire Learning Partnership, the area SRB partnerships in District areas, district focused Highways Partnerships, (Joint Member Panels) the Health Improvement Leadership Group and district based joint working with primary care trusts.

7.4 Current examples of partnership working include:-

The development of the Learning Disability Accommodation Strategy in partnership with district councils and housing associations, which is delivering additional and upgraded facilities to enable a growing number of learning disability clients to enjoy independent living in line with the council's BVPP promises.

The Herts Implementing Electronic Government Partnership with districts, the police and health, the council is pooling some monies for the delivery of shared e-priorities. Priority projects supported by £2m of LGOL Government funding including the Community Portal and integrated services for people reaching retirement age have been agreed by the group and will be delivered in the coming year.

The council with the NHS is currently implementing the re-provision of Western House Hospital, Ware on a surplus school site, making best use of our combined assets and attracting a capital contribution from central NHS funds, whilst addressing need for a new model of care for older people and responding to a shortfall in provision in the local area.

In the south west of the county, the council continues to work 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.

The council is also 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.

## **7. The Council approach to consultation**

- 8.1 The council regularly consults citizens to identify their overall concerns and priorities through the use of the Citizens' Panel, focus groups, our website, customer services centre and quarterly newspaper. Opportunities to use the council's new digital TV channel for this purpose are also being considered. The views expressed in such exercises are then fed into the development of BVPP promises and consequently capital investment decisions. For example, the priority given to better roads maintenance illustrates how citizens' views influence the council's decisions.
- 8.2 Each of the council's services, together with our partners, has a range of mechanisms in place for consulting service users to ensure services are provided and plans developed which are responsive to their needs. For example, following recent consultation on the future of Western House Hospital, working with the NHS and making best use of our assets, we have been able to respond to the desires of users, their families and local residents to retain a local service.

## **9. The Council approach to procurement**

- 9.1 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.
- 9.2 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 persons' homes. The council has a positive approach to the consideration of the opportunities that Public/ Private Partnerships (PPP) offer and continues to develop potential PPP proposals in a number of service areas. Decisions on the most appropriate procurement method for particular schemes is based on objective assessment of the long-term value for money of alternatives.
- 9.3 In response to the changing environment for property procurement the council voluntarily externalised its property services in 1997 and adopted Egan targets for the procurement of property. Following the Best Value review of the council's asset management function, new partnership arrangements have been introduced for property consultancy with strategic contracting for the procurement of capital projects and repair and maintenance to improve the speed and reduce the cost of the procurement process. The council's new property service contracts include pain and gain arrangements linked to performance. The council worked with the Buildings Research Establishment to update its building specification standards for major capital projects to reduce design, procurement

and building costs and environmental impact.

- 9.4 For the procurement of highways services the council has adopted the principles contained within both the Latham and Egan reports on re-thinking construction. To address the re-thinking construction philosophy, following a Best Value Review of the service, the service is now be built around an outcome/performance focused strategic partnership with a private sector partner to deliver the entire highway service. Highways maintenance activity is now on an outcome basis with the contractor being encouraged to deliver elements of the service on a performance basis. To ensure continuous improvement in service standards incentivised payments linked to customer satisfaction are part of the contract. This innovative approach was accepted by the Movement for Innovation (M4I) as a demonstration project.

## **10. Corporate review of existing assets**

- 10.1 The corporate property review system is managed by a core team of specialists reporting to the County Property Officer. 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 and to identify other change opportunities, for example, suitability for other use or to work with partner organisations.
- 10.2 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.
- 10.3 The Major Sites Group lead by the Finance Director and the Corporate Property Officer monitor the receipts programme on a quarterly basis to ensure receipts targets are delivered and any cash flow implications re the forward funding requirements for self financing schemes are appropriately managed.