

## Capital Strategy 2021/22

### 1. Capital Strategy intention

I am pleased to endorse this Capital Strategy, which sets out the commitment of Melton Borough Council to manage its assets effectively to ensure the value they create is maximised for the benefits of the Council and community as a whole. I hope you will find that the document clearly demonstrates our drive to ensure this.

We are ambitious for Melton's future. Looking to invest in our housing services, environmental enforcement, improving customer services and delivering the homes, jobs and infrastructure the Borough of Melton requires. Our Capital Strategy will support this.

**Leader of the Council – Councillor Joe Orson**

### 2. Steer on the long term approach

As part of the Council's Mission of *Helping People, Shaping Places* and supporting our Vision, the approved Corporate Strategy 2020-2024 sets out a number of key projects we will be focussing upon. This Capital Strategy will support the effective delivery of these ambitions. Through this plan we intend to ensure appropriate levels of capital expenditure and investment to meet these priorities and objectives whilst ensuring that our plans are affordable, prudent and sustainable.

**Chief Executive – Edd de Coverly**

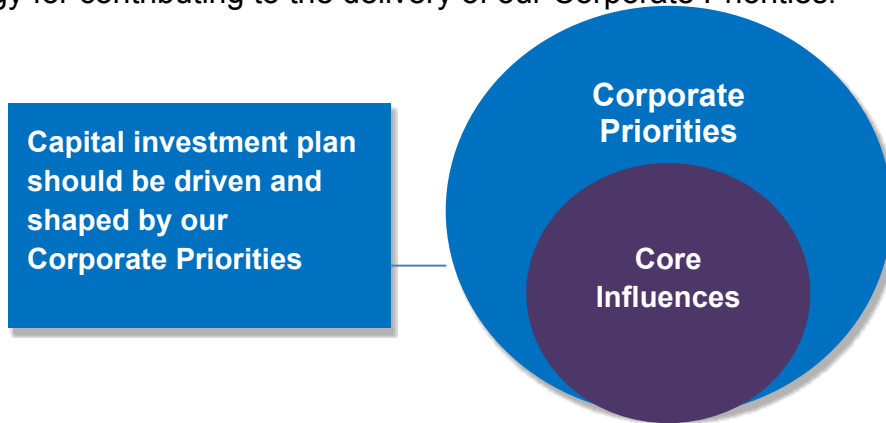
### 3. Summary of Capital Strategy

The Capital Strategy is presented to Council as a key strategy document, and links with both the Treasury Management Strategy and the Asset Management Plans.



## 4. Core influences on capital investment

4.1 The Capital Strategy is influenced by many different factors. We have named them core influences, as these must be taken into account before establishing the appropriate strategy for contributing to the delivery of our Corporate Priorities:



*We want to be first-class council; on the side of our communities and providing great services, where the customer comes first. We want to help people reach their potential, support the most vulnerable, and protect our rural environment. We want to provide more and better homes, create better jobs and regenerate the town. We want to ensure Melton prospers, benefiting those who live here and attracting others to visit and invest.*

### Our Corporate Priorities

#### Helping People:

- Excellence services positively impacting on our communities
- Providing high quality council homes and landlord services

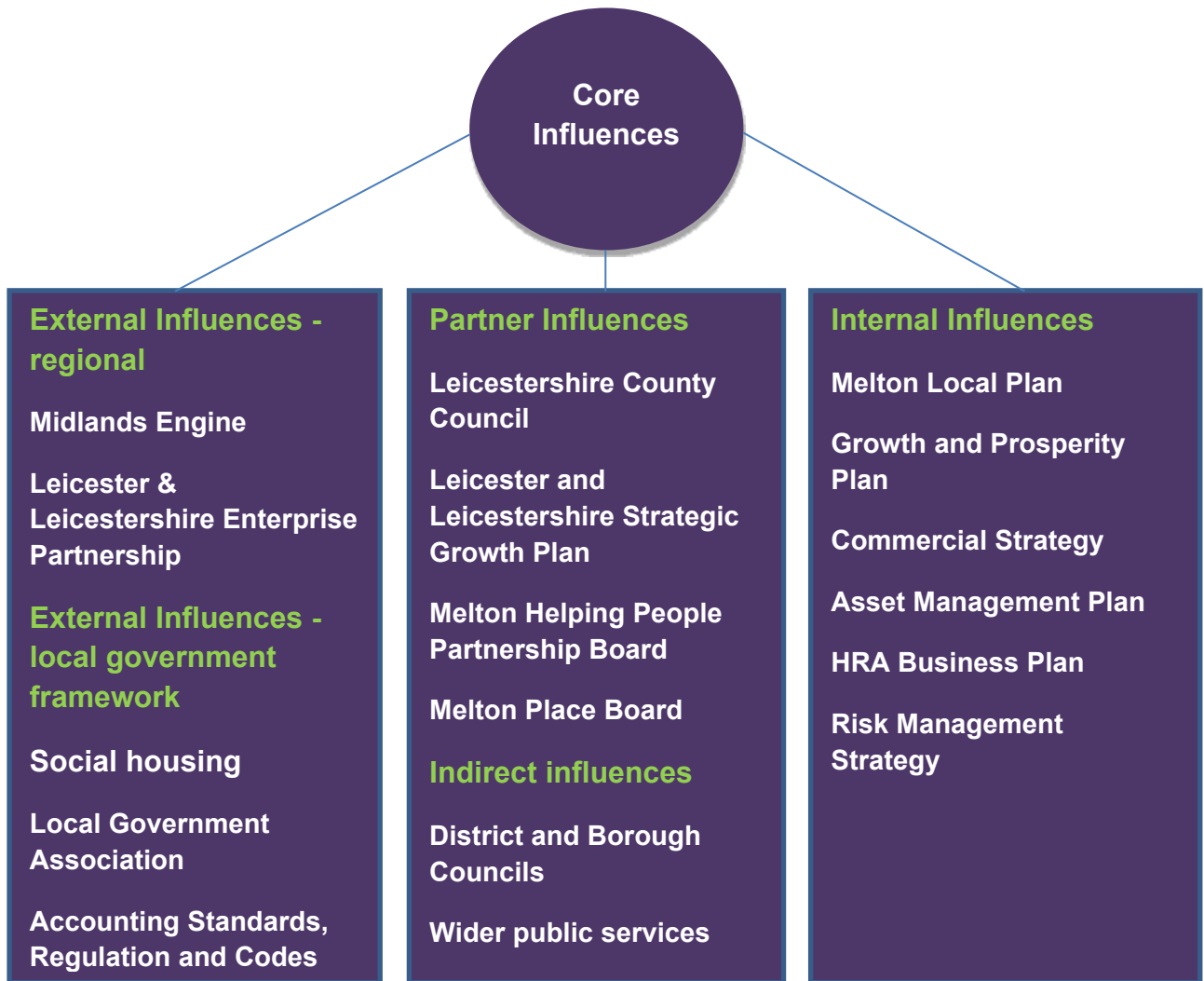
#### Shaping Places:

- Delivering sustainable and inclusive growth in Melton  
Protect our climate and enhance our rural, natural environment

#### Great Council:

- Ensuring the right conditions to support delivery (inward)
- Connected with and led by our community (outward)

4.2 The following chart illustrates our core influences:



4.3 Our Capital Strategy has taken account of the external, partner and internal influences in shaping our approach. The following sections provide a summary of main points for consideration in each case including any impact that COVID has had on our capital ambitions and delivery plan:

#### 4.3.1 External influences – regional

##### Midlands Engine

The headlines from the **'Midlands Engine Vision for Growth'** document published in September 2017, set out below, cover the five principles which guide the work of the Midlands Engine:

*'Investing in the Midlands Engine is essential to the UK's long-term success. To achieve our 2030 ambition, we need to accelerate productivity growth across the Midlands. **Much of this will be driven locally and sub-regionally by businesses, LEPs, universities, Councils and Combined Authorities with newly devolved powers.** This will include*

*delivering a transformation in skills and education that will help boost productivity and spread prosperity.'*

*'The Midlands Engine ways of working are guided by five principles.*

- *The Midlands Engine is about additionality, **complementing the work of Local and Combined Authorities, LEPs**, universities, businesses and others to generate added-value at the globally sensible spatial scale of the Midlands*
- *Our core focus is on leveraging the capacity of the Midlands to help Britain succeed. Our policy approach remains apolitical, focusing on increasing productive economic growth and improving quality of life*
- *The Midlands Engine will define a long-term strategic plan that will secure a number of high impact initiatives and investments for the UK*
- *The Midlands Engine will work on projects that benefit the whole region and develop a self-sustaining and resilient partnership model*
- *The Midlands Engine Partnership will work collaboratively and speak with one voice, implementing a distributed leadership model to drive delivery*

***Our partners recognise the benefits that can be achieved through decentralisation and devolution. Delivery should always be at the appropriate level and Local Authorities, Combined Authorities and LEPs will often be the delivery vehicles of the inclusive growth we seek.***

## **Leicester & Leicestershire Enterprise Partnership (LLEP) and Local Authority Partners**

The collaborative strategies and plans are an important influence on our Capital Strategy. The most recent plan to emerge is the Strategic Growth Plan, which has been adopted by all of the partner Authorities. The Strategic Growth Plan has been prepared by the ten partner organisations - the City Council, the County Council, the seven boroughs and districts, and the Leicester & Leicestershire Enterprise Partnership – to provide a plan which will shape the future of Leicester and Leicestershire in the period to 2050. It is a non-statutory plan but it provides an agreed framework which we will use when preparing our individual Local Plans and other strategies.

The Strategic Growth Plan focuses on four key matters:

- delivering new housing
- supporting the economy
- identifying essential infrastructure, and
- protecting our environment and built heritage.

Within this Melton Mowbray is identified as a Key Centre for Growth and Regeneration. The town centre has a great deal of potential opportunity for investment in the public realm and support its potential as centre for tourism and leisure. The recent approval for the Melton Mowbray Distributor Road (north and east) provides the catalyst for change: it will remove congestion in the town centre and open up land for development to the north of the town and elsewhere. Similar investment to the south of the town could increase this further. New growth will support town centre shops and services and provide the opportunity for people to live close to where they work.

Much has happened since the Strategic Economic Plan 2014 to 2020 was submitted in March 2014 and newer plans, including the development of a draft Local Industrial Strategies will need to react to the significant events which have occurred since, such as the impact of the UK leaving the EU and the Coronavirus pandemic. In Summer 2018 the LLEP was invited to submit a Local Industrial Strategy (LIS) by government, following the development of a local prospectus for growth. The prospectus identifies five key sectors for growth, including advanced manufacturing and specifically identified the establishment of a Food Enterprise Centre and Food Park in Melton Mowbray as one of its key deliverables. The draft LIS will now form the basis of an economic recovery plan from the Coronavirus pandemic.

Melton has previously been successful in securing Local Growth Fund investment with the successful bid to secure £3m for the Cattle Market. The Council will continue to work closely with the LLEP and will be developing a business case for public and private sector investment into the Food Enterprise Centre and Provision of Melton Borough Leisure Park. In April 2020, the secured £500k of Business Rate Pool (BRP) funding from LLEP, alongside the Council providing match funding of £375k to support the Asset Development Programme Phase 1.

#### 4.3.2 External Influences – social housing legislation and regulation

##### Social Housing White Paper

The Council is aware of and sensitive to the direction of travel indicated by the Social Housing White Paper (published November 2020) - 'The Charter for Social Housing Tenants'. The charter is structured around seven core areas that set out what every social housing resident should be able to expect and makes some policy proposals. Of most relevance to any stock-retained local authority landlord in relation to its capital strategy are the themes around building safety, data quality, and the move to zero-carbon, which can be summarised as follows:

- As a landlord, our **mission** needs to focus on **building safety, raising standards** and **tenant satisfaction**.
- We have to be **honest, self-aware** and **transparent**, and be **data-driven**
- Our **capital programme** needs to focus on building safety, energy efficiency and climate change

##### Regulator for Social Housing

The Regulator for Social Housing (RSH) published its sector risk profile on 26 November 2020. Although primarily intended to inform the Boards of Private Registered Providers (housing associations), it contains some useful risk summaries in relation to the Council's landlord function. In relation to its asset management function, these are summarised below:

Strategic choices	The sector faces a growing range of competing internal and external pressures which will demand strategic control and decision-making. The needs of current tenants must
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	effectively be balanced with future demands; choices must be made in deploying capital between essential ongoing investment and improvement to the existing housing stock and contributing to new supply
Health and safety risk	Ensuring tenants are safe in their homes is a fundamental responsibility of any social landlord...local authorities must ensure that they comply with statutory health and safety obligations which provide for tenant safety, including gas, electrical and fire safety, asbestos, legionella, and lifts. These requirements apply to both existing, and to new build properties. Providers also have wider responsibilities such as fulfilling their legal duty of care to their staff.
Existing stock quality	The sector must have an approach to ensure the quality of its housing stock is maintained at a decent standard.
	Alongside ongoing remediation work to improve safety and stock quality, the government's long-term commitment to achieve net zero carbon emissions by 2050 is likely to require increased energy efficiency standards from provider stock. The government is currently consulting on changes to required energy performance standards. Providers' stock is a long-term asset, and required standards are likely to continue to evolve over its lifetime in response to changing policy requirements and climate change.

### 4.3.3 External influences – local government framework

#### Local Government Association (LGA) Peer Review

The LGA Peer Review which was undertaken in 2018 provided feedback that helped inform the approach to our Capital Strategy. The relevant points to focus on from a Capital Strategy perspective are as follows:

- the need for a longer term approach to strategic financial planning;
- the relatively modest Capital Programme could suggest that we are not incorporating everything that we should in the Capital Programme and / or we are being too risk averse;
- the lack of clarity on our risk appetite in terms of our capital investment ambition.

#### Accounting Standards, Regulation and Codes

From 2017, there has been significant Central Government scrutiny of local authority commercial property investments, which has resulted in a number of important changes being implemented by both the Ministry of Housing, Communities and Local Government (MHCLG) regulations and Chartered Institute of Public Finance and Accountancy (CIPFA) Codes. These changes are particularly focused on local authority Capital Strategies. We have therefore ensured that our Capital Strategy complies with the new requirements.

#### **4.3.4 Partner influences**

##### **Leicestershire County Council**

The relationship with Leicestershire County Council (LCC) is very important when considering our longer term Capital Strategy. As the planning authority and the billing authority, we are in an influential position when it comes to setting the scene for the future development and growth in the area and considering the impact on funding streams at both the County and District level. Any County capital schemes that are focused in our area and, in some cases we will be contributing to, should be considered for inclusion in our Capital Strategy.

The LCC Local Transport Plan is included in our Corporate Policy Framework. The LCC road scheme (Melton Mowbray Distributor Road) has been successful in gaining government funding and additional funding is available through the Housing Infrastructure Fund. We continue to work with the County Council is seeking to establish a basis for them to accept this funding. Discussions continue regarding the nature of a risk share agreement which would ensure the Borough Council maintains its strategic commitment to the road, whilst not exposing the Council to a financial risk beyond its means.

##### **Melton Helping People Partnership Board**

The Council has always had strong working relationships with its statutory and voluntary sector partners at both an operational and strategic level. The strength of these established partnerships has been especially evident during the COVID crisis when organisations pulled together to provide an extraordinary community response for the residents of Melton across all age groups and for a wide range of needs. We want to build on the learning this has provided and continue to develop with our Partners. Accordingly, the Helping People Partnerships (HPP) Board provides a strategic forum for Partners delivering services within the Borough of Melton to collaborate and develop an effective Partnership Offer that will result in better outcomes for the residents of Melton

##### **Melton Place Board**

A Place Board has been established of relevant local stakeholders who are keen to be involved in shaping the future of Melton. The Board has been instrumental in sharing information and joining hands to support businesses and retain town centre vitality during the lockdown periods. This collaborative approach has helped sharpen focus and develop some of the key focus areas in the new corporate plan:

- Working with our partners to promote Melton, increase tourism and deliver the promise of Rural Capital of Food
- Regenerate our town centre, encourage inward investment and create jobs by delivering the Food Enterprise Centre and Manufacturing Zones
- Deliver Inclusive growth by improving access to higher paid jobs, improving skills and tackling the low wage economy



### **4.3.5 Internal Influences**

#### **Local Plan**

The Local Plan was formally adopted in October 2018 and therefore its strategic objectives will start to be considered and their potential influence on our Capital Strategy.

The strategic objectives from the new Local Plan are as follows:

#### ***Housing Objectives***

- 1. Help provide a stock of housing accommodation that meets the needs of the community, including the need for affordable housing*
- 2. Develop a housing stock to provide for the future aspirations for the local economy*

#### ***Jobs and Prosperity Objectives***

- 3. Enhance the vitality and viability of Melton Mowbray town centre*
- 4. Provide sufficient land to meet current and future employment needs*
- 5. Help regenerate the rural economy*
- 6. Promote the tourism potential of the Borough through its food, equestrianism and heritage assets creating a Melton Borough “brand”*
- 7. Create a mixed economy with increased knowledge-based jobs and wages*
- 8. Provide better training opportunities and increase educational attainment*

#### ***Accessibility and Transport Objectives***

- 9. Reduce the need to travel by car and improve access to public transport*
- 10. Reduce traffic congestion in Melton Mowbray*

#### ***Safety and Protection Objectives***

- 11. To improve community safety, reduce crime and the fear of crime*

#### ***Community Development Objectives***

- 12. Improve access to services and facilities, including health, schools, social care, jobs, recreation, sport and education, broadband*
- 13. Promote sustainable communities*
- 14. Improve facilities for all the community*
- 15. Improve the health of the Borough and reduce health inequalities within the community*

#### ***Environment Objectives***

- 16. Promote high quality and innovative design which is visually attractive, reflects local context and distinctiveness, and, contributes to a safe and accessible environment, to make places better for people*
- 17. Conserve the historic environment and Melton Borough’s heritage assets*
- 18. Protect the rural character of the Borough*
- 19. Reduce the risk of flooding and avoid development in areas prone to flooding*
- 20. Protect and enhance the natural environment and biodiversity*
- 21. Reduce pollution*
- 22. Protect and manage the use of natural resources and mitigate activities that cause their loss or degradation*

23. *Prepare for, limit, and adapt to climate change and promote low carbon development*
24. *Minimise the use of energy and promote forms of renewable energy in the correct locations*
25. *Ensure that the reuse and recycling of waste is maximised'*

## **Growth and Prosperity Plan**

The Melton Borough Council Growth and Prosperity Plan highlights what the Council will be delivering for the business community from 2018 - 2022. Many of the initiatives that are put in place to deliver the Growth Plan have been reviewed and accommodated within the Council's New Corporate Strategy as part of the 'place' based priorities.

## **Commercial Strategy**

The Council has devised a Commercial Strategy which will outline the Council's commercial activities along with the work Melton has undertaken with the LGA as it seeks to develop its commercial awareness. Any Commercial activities will form a key element in supporting the Council's corporate priorities in order to generate a revenue return that will help contribute towards addressing the Council's financial pressures in light of the continued loss and risks relating to funding from Central Government. The strategy will outline the Council's approach to investment covering items such as risk appetite, risk profile, target rates of return etc. to help inform the decision making process.

The areas Melton have been exploring, include investing in commercial property and setting up a development and housing company both of which may require upfront investment to generate income or in other areas generate a saving. Each area would be looked at on a case by case basis but could require the council to fund through borrowing in order to achieve longer term income generation and/or savings.

## **Corporate Asset Management Plan**

The new Corporate Strategy makes a commitment for the Council to maximise the value from its assets.

The current Corporate Property and Assets Portfolio comprises of a wide range of property types and assets, each with its own considerations, challenges and opportunities. These include operational offices, commercial units, leisure centres, community centres, parks and open spaces, car parks, footpaths, bridges and public toilets.

The Corporate Property and Assets team was established in April 2020 in order to focus on effective management of these assets. Despite the COVID circumstances, recruitment for team members has continued throughout the year and it is anticipated to have the team being fully functional by the end of this financial year.

The work of the team can be categorised in three key areas:

- Estate Management
- Facilities Management
- Property Development

The initial focus for the new team has been around establishing an up to date asset register co-ordinating information from a wide range of datasets. A comprehensive assessment of property health and safety aspects of all assets in the Council ownership has been undertaken and actions have been implemented to achieve 100% compliance.

Following the appointment of a Senior Estate Surveyor, work has commenced on reviewing leases, rents, service charges and income levels by effective management of leases and contracts. In addition, an Asset Disposal Policy has been prepared and approved by the Cabinet.

Following the appointment of a Building Surveyor, anticipated for March 2021, a comprehensive programme of undertaking condition surveys will commence with a view to creating a planned maintenance schedule for the lifetime of assets. This will be a crucial piece of work that will form the basis of the Asset Management Plan as well as informing Capital Strategy in the future and the Medium Term Financial Strategy.

In parallel to the above, the Council has launched an ambitious Asset development Programme. It is proposed to assess the development potential of all council owned assets to maximise their ability to create new homes, jobs and community facilities. In April 2020, the Cabinet agreed to accept £500k of Business Rate Pool (BRP) funding from LLEP, to be matched by an allocation of £375k from the Council's Capital Programme. In December 2020, the Council approved the inclusion of £285k within the Capital Programme for the Asset Development Programme Phase 1. The work undertaken by using this approved funding will determine the next steps for the capital strategy. It is proposed to undertake an options appraisal for the Council's direct investment in developing these assets to inform the next steps.

## **Housing Revenue Account Business Plan 2019-2024**

The Council's Housing Revenue Account Business Plan is due for review in 2021/22. This will be informed by a detailed and full stock condition survey commencing in early 2021. This means the Council will have a clear picture from April 2022 on what is needed to maintain the stock. Given the increased requirements for "zero carbon" and the new Decent Homes Standard (referred to in the White Paper), the Council will be able to develop long-term programmes to meet Priority Two of the Corporate Strategy.

Whilst the long term business plan is developed, an interim business plan was approved in February 2020 and this has informed the current capital programme which seeks to address the issues and challenges faced by the Council today. The key influencing factors to this proposed capital programme are:

- Housing Improvement Plan (November 2019)
- Internal audit report on landlord health and safety (November 2019)
- Corporate Restructure report (November 2019)

The focus for the immediate future is for the Council to implement the actions proposed in the three key documents mentioned above.

It is acknowledged that, due to a number of legacy issues, there will need to be significant investment in the housing stock to meet the aspirations of tenants and the Councils priorities.

### **Risk Management Framework**

It is important for us to apply the corporate Risk Management Framework principles to the risk approach adopted in our Capital Strategy. Our Capital Strategy includes a high level risk assessment, which will be linked to our corporate risk assessment. The Capital Strategy risk assessment matches the corporate scoring approach and takes into consideration the new CIPFA Prudential Code 2017 requirements for the assessment of risk on investments.

## 5. Capital investment ambition by Corporate Priority

The following sections map out our capital investment ambition by Corporate Priority, including the expected outputs and outcomes from the delivery of this ambition. It is important to explain what we plan to achieve from our capital investment plans in terms of the clear priorities and delivery plan that we have put in place to meet the needs of our area, to support our unique brand, to address our community consultation feedback and to ensure that we manage our resources on a value for money basis.

### 5.1 Place Priorities

The Council's Corporate Delivery Plan acknowledges the importance of investment and enhancement of Melton as a place and sets out clear priorities. The Capital Strategy identifies how these priorities will be achieved through the use of Council's assets, capital and finances. The Council plans to prepare an ambitious investment strategy with a series of short, medium and long term income potential identified.

This will include clear priorities and delivery plan to meet the needs of our area, to support our unique brand, to address our community consultation feedback and to ensure that we manage our resources on a value for money basis.

A series of initiatives are already underway that would help deliver the Place priorities identified in the Corporate Plan and inform the Council wide asset development and investment strategy.

Ongoing key strategic projects are:

1. Food Enterprise centre- The Council has approved plans for establishing a Food Enterprise Centre in Melton with initial phase of activities centres around the southern cattle market site. £100k grant funding from the LLEP has been secured, matched by the Council's investment of £50,000 to support a range of activities including strengthening infrastructure for holding events in a -safe way, providing temporary development kitchen facilities for supporting start-ups and creating a cluster of on-site food production businesses. This work will inform a detailed business case for future capital funding bids.
2. Health and Leisure provision - In April 2020, the Council approved acceptance of grant funding for £100,000 from LLEP, matched by the Council's investment of £50,000 to develop detailed proposals for best utilisation of the Waterfields and Melton Sports Village sites and the future of leisure provision in Melton. Discussions are ongoing with CCG and other health providers for a joined up approach in delivering community facilities for health and leisure. This work will inform a business case for future capital investment in this project.

3. Country Park- The Council approved the expenditure of £40,000 for creation of footpath connecting the residential development to the wider footpath network within the park. A further business case is being explored for repair and maintenance of the footstone bridge. A sum of money has been allocated from the health and leisure project to prepare a masterplan of the Country Park to explore outdoors leisure provision within the park. This work will commence in April 2021 and inform future investment plans for the park.
4. North cattle market – As part of the Asset development programme, the Council approved the disposal of north cattle market site to enable it to be developed for residential use as per the allocation in the Local Plan. The capital receipts from this disposal will form part of the Council's long term investment strategy.
5. Commercial assets – The Council's commercial assets such as Parkside and Phoenix house are being assessed for rationalisation of uses and future development potential. Funding is approved from the capital programme to undertake design feasibility and investment options appraisal for these assets. A funding bid for £45,000 has been submitted to the Government's One Public Estate (OPE) programme for this work with a view to free up land for housing development.
6. Lake Terrace – The Council has approved disposal of access road to the Lake Terrace waste collection depot to enable the development of 90 affordable homes on the adjacent vacant site. This disposal will generate capital receipt, get the road adopted by LCC and remove maintenance liability for the Council in future. Work is also underway to improve drainage infrastructure at the depot.
7. Rail Connectivity – The Council has been successful in receiving £50,000 from the Department for Transport (DFT) through their 'restoring your railways' programme for preparing a strategic business case for improving rail connectivity between Melton and Nottingham via Loughborough. This initiative has the potential to improve access to jobs and skills for Melton residents as well as to make Melton accessible to a wider audience as a quality tourism destination. The Council will work in partnership with Charnwood Borough Council along with a range of stakeholders for this.
8. MMDR – The Council has worked in partnership with developers and landowners to prepare masterplans for the Southern and Northern Sustainable Urban Neighbourhoods to deliver over 4300 homes as per Local Plan allocation. The Council is now working with Leicestershire County Council and Homes England to deliver the much needed highways infrastructure in form of Melton Mowbray Distributor Road (MMDR) as well as 4 primary schools, 2 secondary schools and develops over 70 ha of employment sites.

9. Town Centre Enhancements – The Council has worked collaboratively with Place Board partners such as Business Improvement District (BID) and Melton Mowbray Town Estate (MMTE) to ensure business continuity and retain vitality of the town centre in a -safe way. The Council will work with partners to draw up plans to reduce vacancy, improve public realm, enhance shop frontages and increase accessibility. This work will form the basis for future funding bids for capital works.
10. Business support grants – The Council has allocated capital funding for providing grants to pubs and farming establishments in rural areas for diversification of uses. There is potential to expand this scheme to support more businesses with a wider range of support measures.
11. Climate Emergency – The Council has declared climate emergency and pledged to ensure Council operations are carbon neutral by 2030 and promote sustainability within the Borough. This initiative will have an impact on all strategic investment and expenditure decisions for the Council going forward.

Following the broad range of work that is currently being undertaken during the next 12 months, the Council will continue to update and refine the capital programme where projects can be taken forward for development.

All these activities, along with the delivery of the Local Plan by working with private and public sector partners, developers and land owners will help in delivering growth in housing, business activities and leisure provision that would contribute to creating and shaping the place that Melton is aspiring to be.

Alongside maintaining our property assets, the Council also has responsibility for ensuring wider public realm assets are effectively managed and maintained; as well as maintaining and renewing the vehicles used to undertake various environmental services. The Council has made provision through an annual revenue contribution to a number of repair and renewal funds which enables the capital costs associated with these to be met from an existing fund, rather than through borrowing or the use of capital receipts. The level and contribution made to these funds is currently under review to ensure it is appropriate and following the adoption of the Local Plan the 106 developer contributions SPD will potentially create opportunities for alternative funding sources.

## **5.2 People Priorities:**

The People Priorities set out the objectives of the Housing and Communities Directorate for the next year and provide a roadmap for services to follow which focus primarily on assisting our residents and customers to live well and independently.

Through the achievement of these priorities, we hope to provide an accessible route into our services for our customers whilst ensuring resource is targeted at those in our communities who are most in need of assistance. Some of the key People Priority projects to be focused on over the coming year are:

1. Housing Improvement Plan – deliver the HIP following an investment of resources taking into account the refreshed and updated HRA business plan and Housing Asset Management Plan to inform the significant investment in improving the quality of council homes.
2. Meet Decent Homes Standard – through significant capital programmes as referred to above, focusing on new kitchens, bathrooms and heating improvements to ensure our properties meet the Decent Homes Standard
3. Provide new high quality council homes – through delivery on the Council's own sites and working in partnership with developers and other partners to improve the numbers and quality of the Council's own housing stock
4. CRM – complete the Investment in digital systems to provide improved services to our customers. A new Customer Engagement and Self-Serve platform was purchased in February 2020 with implementation due to be completed by April 2021.

### **5.3 Great Council Priorities:**

Our Great Council priorities as set out in the Corporate Plan focus on ensuring we have in place the right conditions to support service delivery and that we are connected to and led by the community. We aim to maintain a personal approach but also harnessing appropriate technology to make our services more accessible and fit for the digital economy. This latter aim in terms of capital requirement does necessitate investment in ICT where we have a clear roadmap as expressed in our ICT digital strategy and action plan.

#### **ICT Digital Strategy and Action Plan**

The ICT Digital Strategy Action Plan has been developed in line with the ICT Service Technology Roadmap, Partner Business Planning Activities and Strategic Board prioritisation. The Strategy identifies a programme of activity for each of the Partner organisations (Hinckley and Bosworth, Oadby and Wigston, Blaby, Melton or the Leicestershire Revenues and Benefits Partnership). Objectives are aligned to the those prioritised in the LICTP Digital Strategy 2018-2022. The years 2018-2021 are currently included in the plan to identify in detail the next 3 years activity. The strategic document will be updated annually to include the following years' essential works however the focus for 2021-22 will be the ICT Service Contract following a review of the strategic direction of the partnership.



## ICT General Principles

The current estate is deployed into a single data centre hosted at Hinckley and Bosworth Borough Council (HBBC), with an additional data centre at Melton Borough Council (MBC) acting as a Business Continuity / Disaster Recovery location. The majority of the estate of all four councils is virtualised onto VMware hosts in the HBBC data centre with a small number of Solaris servers that support line of business applications.

Citrix end user compute is the primary desktop solution provisioned through thin client devices, laptops and remote desktop services. A common Mobile Device Management solution has been deployed across all partners providing wifi and management of mobile devices such as ipads and iphones.

As the LICTP has matured it has taken opportunities to consolidate solutions and / or co-terminate support and maintenance- for example there are common solutions in place for Antivirus, Web and Mail security, approved builds for End User Devices (EUD) and shared Business Continuity and Disaster Recovery (BCDR) arrangements.

The LICTP works with partners to identify common business solutions and align version control, to benefit from efficiencies in upgrade testing and economies in supplier management.

The focus of the Capital Strategy for ICT over the coming years is to consolidate and develop the ICT infrastructure, strengthen security and maintain a supported environment that will be able provide a robust and reliable service for our Staff and their Customers. Alongside this Establishing the future ICT service arrangements from 2021 to improve operational performance and exploit strategic opportunities will be a key action undertaken in the coming year.

Following the implementation of a new CRM system as referred to as a key People Focused project, a **new Finance System** will be going live in 2021/22. Again this is a Cloud based system and therefore be funded from revenue but at £250k is a significant investment for the Council.

## Investment in Commercial Activities

With the financial challenges facing local government we also have a priority to become more commercial in order to secure our financial future. There is much work to be done in setting out our priorities in this area but it is certain that there will be a need to invest both capital and revenue in order to increase our income streams in order to bring the necessary investment that can be made in improving service provision and protecting the services customer value. The capital requirements for this investment are still at an early stage and will develop over the next 12 months. With the limited resources at the Council's disposal it is likely that any such capital investment would require a level of borrowing however each business case will be assessed on its merits as each project will be required to make a return not only to service the debt but also yield additional income for investment in service delivery.

## 5.4 Core influences – action plan

The main areas progressed over the last 12 months relating to capital programme and strategic development of Council assets has been:

- Melton Mowbray Distributor Road** – whilst not directly funded by the Council, discussions continue with the County Council regarding a potential risk share agreement which could expose the Borough Council to some financial risk. In December 2020, the Council made an offer to accept the development risk up to £1m, though at this has, as yet, not been accepted by the County Council. Discussions continue on how the Borough Council might support infrastructure funding without exposing itself to an unsustainable financial risk. A developer contributions SPD is being developed which will seek to prioritise funding for highways and education, given the level of infrastructure funding received. This will inevitably have a bearing of the amount of funding available for other initiatives through s106 agreements.
- Business Rates Pool:** The Council has been successful in securing revenue funding from the business rates pool to support the development of feasibility and business cases in relation to the Food Enterprise Centre and Health and Leisure Park. This funding is being matched through council revenue funding and forms part of the prepared budget. The Council has also been successful (in principle) to receive £2m of capital funding for the health and leisure park though this will be the subject of further due diligence discussions and development of the business case.
- Housing Improvement Plan:** In November 2019 the Council published a comprehensive plan to improve the quality of council homes and landlord services; as well as to deal with some more immediate compliance issues. The plan supports and underpins commitments made within the Corporate Strategy 2020-2024 and the Interim HRA Business Plan. Following some concerns regarding Landlord health and safety there has been considerable efforts and investment in this area.
- RTB:** The Council has invested £1.2m in purchasing 6 houses by then end of March 2020 from Right to Buy monies in order to boost our housing stock to meet demand.

However there remain a number of key actions which need to be delivered in the coming 12 months some of which have slipped from last year and mean a number of gaps remain to be addressed so as to provide a fully comprehensive Capital Strategy.

Influence	Action	Responsibility	Timescale
Update the Asset Management Plan (AMP)	Current AMP is out of date and therefore needs updating. Stock condition surveys are scheduled for Spring 2021.	Director for Growth and Regeneration	April 2022
HRA Business Plan (Full review)	Following the adoption of the Interim Business Plan in January 2020, a full HRA Business Plan is required to	Director for Housing and Communities	June 2022

Influence	Action	Responsibility	Timescale
	ensure the long term financial viability of the HRA is understood and associated capital investment. Stock Condition Surveys are scheduled to commence in Summer 2021.		
Investment Strategy	The strategy will outline the Council's approach to investment covering items such as risk appetite, risk profile, target rates of return etc. to help inform the decision making process. This is	Director for Growth and Regeneration	April 2022
ICT Service Delivery	The strategic direction has been now been agreed. The next stage is to develop an ICT roadmap for the partnership which will in turn inform the capital programme needs.	Director for Corporate Services	April 2022
Developer Contributions SPD	Identifies the key priorities for the securing of developer contributions towards key infrastructure projects, including the MMDR	Director for Growth and Regeneration	April 2021
Vehicle replacement programme	Review our approach to vehicle replacement policy, consider optimum replacement cycles and green procurement.	Director for Housing and Communities	April 2022
Play Equipment replacement programme	Review our play equipment replacement policy to assess lifespans and investment plans.	Director for Housing and Communities	April 2022

## 6. 5-year capital investment plan

**6.1** Our 5-year capital investment plan incorporates the 2020-2024 Capital Programme and a forecast of capital investment requirement up to 2025-2026, based on our capital investment ambition. It has been prioritised in line with our corporate plan and Treasury Management to ensure that the 5-year position is affordable and deliverable as planned. Our risk assessment examines the risk against the affordability and deliverability assumptions and this will inform the ongoing review of performance and update of the investment plan to ensure that it is effectively managed.

The Capital Programme is not only for maintaining core assets to ensure Melton can continue to do business but also to positively intervene in key investments areas which require borrowing but this would be focused by the outcomes of the commercial development appraisals where would expect any borrowing to generate a return.

The following tables provide an overview of the 5-year investment plan from an investment and financing perspective, an affordability perspective and in terms of the contribution to the achievement of our Corporate Priorities, our community improvements and our growth targets. More detailed capital plans are included in Appendix A:

### GENERAL FUND

<b>5 YEAR INVESTMENT PROGRAMME</b>	<b><u>2021/22</u> £'000</b>	<b><u>2022/23</u> £'000</b>	<b><u>2023/24</u> £'000</b>	<b><u>2024/25</u> £'000</b>	<b><u>2025/26</u> £'000</b>	<b><u>Total</u></b>
GREAT COUNCIL	251	133	-	-	12	<b>396</b>
PEOPLE	304	304	304	304	304	<b>1,520</b>
PLACE	200	-	-	-	-	<b>200</b>
<b>Total Programme</b>	<b>755</b>	<b>437</b>	<b>304</b>	<b>304</b>	<b>316</b>	<b>2,116</b>

<b>5 YEAR FUNDING PROGRAMME</b>	<b><u>2021/22</u> £'000</b>	<b><u>2022/23</u> £'000</b>	<b><u>2023/24</u> £'000</b>	<b><u>2024/25</u> £'000</b>	<b><u>2025/26</u> £'000</b>	<b><u>Total</u></b>
ICT PARKSIDE REFRESH	116	133	-	-	12	<b>261</b>
DIRECT REVENUE	8	-	-	-	-	<b>8</b>
GRANT FUNDING	404	304	304	304	304	<b>1,620</b>
CAPITAL RECEIPTS	187	-	-	-	-	<b>187</b>
CAPITAL RECEIPTS LEISURE VISION	40	-	-	-	-	<b>40</b>
<b>Total Programme</b>	<b>755</b>	<b>437</b>	<b>304</b>	<b>304</b>	<b>316</b>	<b>2,116</b>

As can be seen from the tables above at the current time it doesn't appear that the Council has an overly ambitious capital programme but as outlined in the previous sections of the strategy there are some significant outstanding items which will significantly impact on the forward capital projections – including:

- Updated stock condition surveys which are still outstanding will need to be feed into the refreshed Asset Management Plan which will identify the extent of capital provision required for existing council assets
- Progression of the Asset Development Programme to inform the ongoing management of assets linked to future disposals which may be required help generate capital receipts to be investment in existing or new assets. This would cover key areas such as Cattle market, Leisure and housing

As these areas become further developed and financial analysis becomes available the capital strategy will be refined as an up to date living document.

### HOUSING REVENUE ACCOUNT

Alongside the General Fund the council also maintains its own housing stock. A summarised programme is contained with the Appendix B based on interim review of the HRA business plan and without a full stock condition survey to inform a full Housing Asset Management Plan which only goes to 2022/23. The final 3 years of the 5 year forward view are based on a desktop review and therefore a more detailed stock condition survey and full Housing Asset Management Plan is needed to be undertaken and forms key actions for the coming year. The table below provides a high level overview with associated funding streams based on the interim position.

<b>5 YEAR INVESTMENT PROGRAMME</b>	<b><u>2021/22</u> £'000</b>	<b><u>2022/23</u> £'000</b>	<b><u>2023/24</u> £'000</b>	<b><u>2024/25</u> £'000</b>	<b><u>2025/26</u> £'000</b>	<b><u>Total</u></b>
HRA Funded by						
Major Repairs Reserve	2,043	2,221	1,764	1,764	1,764	<b>9,556</b>
HRA Capital Receipts	2,103	2,333	738	738	738	<b>6,650</b>
Development and Regeneration Reserve	-	15	462	462	462	<b>1,401</b>
<b>Total Programme</b>	<b>4,146</b>	<b>4,569</b>	<b>2,964</b>	<b>2,964</b>	<b>2,964</b>	<b>17,607</b>

The Council's Housing Asset Management Plan is currently being reviewed and will be informed by a detailed full stock condition survey to be undertaken. Therefore in the meantime, an interim business plan and capital programme is proposed to address the issues and challenges faced by the Council today.

**6.2** The following sections examine the evaluation and prioritisation of our 5-year capital investment plan, the additional analysis that informs our Capital Strategy principles, our capacity to deliver and the potential options for addressing our capital investment ambition gap.

### GENERAL FUND

Within the General Fund there are various funding sources including Replacement and Renewal funds which have been established to make annual revenue contributions into a reserve to fund future capital expenditure on areas such as vehicle, ICT, playgrounds as well as external grant funding for DFG's but the main source of funding comes from Capital Receipts.

The table below summaries the current and future forecasts for the Capital Receipts reserve;

Financial Year	Expenditure	Balance on Reserve
2019-20	-	£769k
2020-21	£291k	£478k
2021-22	£187k	£291k
Future earmarked Allocations – Asset development programme	£253k	£38k

After taking in account the proposed funding for current 5 year programme the estimated balance on the reserve is £38k which does limit the amount of scope for future funding. This doesn't take into account any capital receipts that may be generated but the council only owns a limited amount of sites / assets some of which may be used to support any commercial activities around housing so this is unlikely to help improve the balances. Therefore, once the future capital programme becomes more developed the future funding requirements will need to be reviewed which may lead to a borrowing requirement on the general fund which is currently debt free. Therefore the prioritisation of capital schemes will be key with limited capital resources. As such utilising borrowing to fund such investments would mean these would need to be affordable in revenue terms through reductions in net expenditure.

A small disposal is planned in 2021/22 which will help increase the reserve balance and will link to the asset development programme.

Alongside this there is a provision of £745k earmarked to support delivery of any future leisure vision projects.

## Housing Revenue Account

In the main the HRA programme is funded from the three main reserves which are utilised in a priority order:

1. Major Repairs Reserve
2. HRA Capital Receipts
3. Regeneration and Development Reserve (this is built up from contributions from the revenue account in line with the interim HRA Business Plan).

**6.3** The capital programme is integrally linked to the Treasury Management Strategy in terms of informing future cashflow, interest returns, borrowing requirement and medium term financial sustainability. The 2021/22 Treasury Management Strategy has been prepared based on the information contained within this Capital Strategy to ensure the two documents are aligned and any associated implications taken into account when setting the prudential indicators. Both strategies will be presented to Full Council for approval at the annual budget setting meeting in February 2020 where further information can be found.

## 7. Risk Assessment

7.1 The following table summarise the detailed Risk Assessment that has been undertaken in line with our Risk Management Framework. The table includes the key risks, the mitigating factors and the residual risk score to highlight the main considerations for our Capital Strategy:

L I K E L I H O O D	<b>A</b>	<b>Very High</b>				
	<b>B</b>	<b>High</b>				<b>13</b>
	<b>C</b>	<b>Significant</b>		<b>2</b>	<b>3,8,9</b>	
	<b>D</b>	<b>Low</b>		<b>1</b>	<b>6,7,10,11</b>	
	<b>E</b>	<b>Very Low</b>		<b>4</b>	<b>12</b>	
	<b>F</b>	<b>Almost Impossible</b>				
			<b>Negligible</b>	<b>Marginal</b>	<b>Critical</b>	<b>Catastrophic</b>
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
			<b>IMPACT</b>			



ID #	Description of Risk or Uncertainty	Mitigating factors	Residual Risk Score
<b>Reputational</b>			
1.	Adverse publicity associated with the implementation of the Commercial Property Investment Strategy	<ul style="list-style-type: none"> <li>• Meaningful consultation with all key stakeholders</li> <li>• Appropriate communication of intent</li> <li>• Collaboration and communication with peer local authorities</li> <li>• Development of a robust business case</li> <li>• Strong due diligence for each commercial property investment</li> <li>• Risks associated statutory compliance and new regulations</li> </ul>	6
<b>People/human</b>			
2	Delay in recruiting to residual property and housing vacancies	<ul style="list-style-type: none"> <li>• Effective recruitment process being conducted</li> <li>• Good business continuity being applied during the management gap</li> </ul>	8
3	Competing priorities resulting in reduced capacity to deliver Capital Programme – including emerging national issues such as COVID	<ul style="list-style-type: none"> <li>• Major programmes driven by Senior Leadership Team</li> <li>• Clear and deliverable Capital Strategy driven by Corporate Priorities</li> <li>• Effective and co-ordinated asset management</li> <li>• Strong prioritisation at planning stage</li> <li>• Robust governance and programme management in place</li> <li>• Performance and exception reporting linked to our main reporting cycle</li> </ul>	12
<b>Social/community</b>			
4	Inadequate consultation leading to a lack of understanding of the purpose and expected outcomes of 10-year capital investment plan	<ul style="list-style-type: none"> <li>• Consultation in line with statutory requirements</li> <li>• Effective consultation process with key stakeholders in line with corporate approach</li> <li>• Clear actions linked to consultation feedback</li> <li>• Monitoring and reporting on progress against agreed actions</li> <li>• Development of priority 6 and the Melton deal</li> </ul>	4
<b>Financial/Economic</b>			
5	Economic volatility and statutory restrictions leading to failure in	<ul style="list-style-type: none"> <li>• Commercial Property Investment Strategy (CPIS) in place</li> </ul>	Dependent on risk

ID #	Description of Risk or Uncertainty	Mitigating factors	Residual Risk Score
	commercial properties and / or lower than forecast returns from commercial property investment, leading to significant adverse impact on reserves – recession, COVID, Brexit, political upheaval etc.	<ul style="list-style-type: none"> <li>• Risk assessed property portfolio based on CPIS</li> <li>• Strong governance and process set up ahead of investment</li> <li>• Robust business case methodology in place</li> <li>• Due diligence applied to all commercial property investments</li> <li>• Performance and exception reporting linked to our main reporting cycle</li> </ul>	appetite
6	Poor capital scheme forecasting leading to capital scheme overspends and higher revenue impact	<ul style="list-style-type: none"> <li>• Collaboration across all relevant support services with intelligence and data sharing</li> <li>• Application of scenario and sensitivity approach to test forecasts and assumptions</li> <li>• Performance and exception reporting linked to main reporting cycle</li> </ul>	9
7	Poor capital programme management leading to slippage	<ul style="list-style-type: none"> <li>• Strong management structure in place</li> <li>• Robust governance and programme management in place</li> <li>• Performance and exception reporting linked to main reporting cycle</li> </ul>	9
8	Lack of recognition of asset capital commitments	<ul style="list-style-type: none"> <li>• Discussion of risk and starting to identify required actions</li> <li>• Stock condition surveys commissioned and ready for review and challenge</li> <li>• Initial forecast made in 10-year capital investment plan</li> <li>• RTB Receipts investment plans to avoid government payback</li> </ul>	12
9	HRA unable to meet decent homes standard	<ul style="list-style-type: none"> <li>• Stock conditions surveys in place and commissioned</li> <li>• Interim HRA Business Plan</li> <li>• Housing Improvement Plan</li> </ul>	12
<b>Legal</b>			
10	Lack of clarity in the application of Powers when dealing with commercial property investments	<ul style="list-style-type: none"> <li>• Development of robust business cases for each commercial property investment</li> <li>• Strong due diligence for each commercial property investment</li> <li>• Legal opinions sought where appropriate</li> </ul>	9

ID #	Description of Risk or Uncertainty	Mitigating factors	Residual Risk Score
<b>Environmental</b>			
<b>11</b>	Failure to adequately recognise environmental impact of major capital schemes	<ul style="list-style-type: none"> <li>• All appropriate surveys and environmental studies undertaken to suit each individual scheme</li> <li>• Strong consultation with key stakeholders</li> <li>• Joint working and collaboration with partner authorities and agencies</li> <li>• Deliver actions through Climate Change group</li> </ul>	9
<b>Partnership/collaboration</b>			
<b>12</b>	Not achieving the optimum funding leverage from regional opportunities where identified initiatives match one or more of our Corporate Priorities – Midlands Engine and LLEP	<ul style="list-style-type: none"> <li>• Action plan for external influences</li> <li>• Action plan for national /regional lobbying and collaboration</li> <li>• Building on the success of the recent bids Cattle Market bid to the Local Growth Fund</li> </ul>	6
<b>13</b>	Melton Mowbray Distributor Road (MMDR) requires additional funding due to shortfall in funding contributions	<ul style="list-style-type: none"> <li>• Robust development and viability assessments undertaken</li> <li>• Detailed ongoing analysis and exception reporting in place</li> </ul>	15

## **8. Capital Project Appraisal process and governance**

### **8.1 Developing proposals**

Individual proposals are developed by each Director which includes development bids for their services in line with priorities. This may be informed by the reviews being carried out within the service, by the corporate improvement team or the outcome from specific public consultation(s).

Business cases are reviewed by the Senior Leadership Team (SLT) who if they approve a project, will then undertake an exercise to prioritise all the projects submitted for the annual budget process. These capital projects will then be forwarded to Cabinet for consideration and approval by Members.

Each project will be assigned to a Programme Board whose role is to implement and monitor the project. Highlight reports are provided to the relevant board and summary reports provided to SLT and Members.

Any movements or changes on the capital programme need to be in line within relevant delegations contained within constitution.

The Council's project management toolkit sets out the requirements at each stage of the project management process

### **8.2 Senior Leadership Team**

The Senior Leadership Team have responsibility for ensuring options for funding are considered by Cabinet and Council as part of the budget setting process. SLT provides a forum to ensure that capital expenditure on projects is allocated and prioritised through a structured corporate business planning process which aligns with our Corporate Priorities. Whilst projects are approved at Full Council each February, schemes can be considered in year by Cabinet. SLT are also supported in the review by providing guidance during the budget process via the relevant internal review boards which have been developed as part of the Council's new ways of working. There have been three internal boards set up which are aligned to directorates and priorities that oversee the delivery of key projects.

These boards will help SLT in the establishment and monitoring of key projects whereby first stage business cases will be reviewed for SLT sign off and then overseeing project progress by reviewing highlight reports from the boards.

A summary of the main tasks allocated to the SLT are as follows:

- To implement our prioritisation process for Capital Expenditure;
- To monitor the delivery of our approved Capital Programme;
- To develop and evaluate proposals for service delivery assets.

Projects are also taken through the necessary approval process via Cabinet and Council inline committee process in accordance with our project appraisal process.

### **8.3 Consultation and stakeholder engagement**

The Governance review identified that greater stakeholder engagement is required by the Council. As part of this process, in addition to engagement with members a Residents Survey was held in June 2019 and attracted over 1,700 responses. The survey collected the views of the community on a range of issues around Melton as a place to live and views of the Council as a whole and individual services. The results of the Residents Survey have been used to inform the Corporate Strategy (2020-2024) and will in turn be used to inform the Capital Strategy. It is planned to undertake a further survey in 2021 subject to budget approval to enable the direction of travel to be assessed and understood.

To inform the HRA Business Plan review, a survey and roadshows will be held to gather tenant and leaseholder views on the priorities. In addition, the Tenant Forum Executive Committee will be consulted throughout.

## 9. Skills and Knowledge

### 9.1 In house Resources

The successful implementation of the Capital Strategy necessitates the availability of people with the necessary experience of:

- developing capital projects
- acquiring and selling properties
- commissioning partners to deliver the capital programme
- managing properties as a landlord
- sourcing suitable opportunities that match the criteria set under the adopted strategy

The Council currently has in place two key streams of work:

**Growth and Regeneration Directorate** (supporting Place priorities) which manages the current operational and non-operational asset portfolio but will also lead on any commercial investment and de-carbonising work supported by the finance team and others. Key officers included in this team are:

- Director for Growth and Regeneration
- Corporate Asset Manager
- Regeneration Manager
- Building Surveyor

**Director for Housing and Communities** (Supporting People priorities) this team has responsibility for the management of the Council's Housing Stock. Key Officers in this area are:

- Director for Housing and Communities
- Housing Asset Manager
- Housing Development Manager

### 9.2 Externally Available Resources

The Council also makes use of external advice in developing projects or undertaking due diligence including external valuers, property condition experts, market appraisers etc. Other advice will be commissioned as and when required. This may also include working with its Treasury Advisors as appropriate to support any associated Treasury implications.

### 9.3 Members

Members are familiar with the budget process and approve the Treasury Management Strategy and Budget. Any additional training requirements will be discussed with the Cabinet including the Portfolio Holder leads for key priority projects.

**Signed: Dawn Garton – S151 Officer**