



<b>Title of Report:</b>	<b>Capital Programme – Prioritisation Process</b>
<b>Committee Report Submitted To:</b>	Leisure & Development Committee
<b>Date of Meeting:</b>	21 May 2024
<b>For Decision or For Information</b>	For Decision
<b>For discussion In Committee</b>	No

<b>Linkage to Corporate Strategy (2021-25)</b>	
Strategic Theme	Healthy & Engaged Communities
Outcome	Citizens will have access to a range of leisure, recreational, green and play environments which support better physical and mental health and wellbeing
Lead Officer	Director for Leisure & Development

<b>Budgetary Considerations</b>	
Cost of Proposal	Staff time
Included in Current Year Estimates	N/A
Capital/Revenue	N/A
Code	
Staffing Costs	

<b>Legal Considerations</b>	
Input of Legal Services Required	<b>NO</b>
Legal Opinion Obtained	<b>N/A</b>

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	N/A	Date:
	EQIA Required and Completed:	N/A	Date:
Rural Needs Assessment (RNA)	Screening Completed	N/A	Date:
	RNA Required and Completed:	N/A	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	N/A	Date:
	DPIA Required and Completed:	N/A	Date:

## **1.0 Purpose of Report**

The purpose of this paper is to request approval for a new Prioritisation Process for Leisure & Development Projects which if approved shall be incorporated by all directorates.

## **2.0 Background & Approvals to Date**

Members adopted the Council 4 Stage Capital Approval Process in 2014:

### **4 Stage Approval Process:**

1. Stage (1) work; approve Strategic Outline Case (SOC) to undertake proportional Scoping, Feasibility and business case work (*£ circa 1% total capital cost estimate*);
2. Stage (2) work; approve Outline Business Case (OBC), complete Procurement to Final Tender Report and produce Full Business Case (*£ circa 2% - 3% of total capital cost estimate*);
3. Stage (3) work; approve / appoint winning tenderer, sign contract and manage construction (*£ up to 110% of total capital cost estimate*);
4. Stage (4) work; approve handover of asset into service and manage operations.

Since then, Capital Programme workshops have been held each year to manage the ongoing Capital Programme and Members have adopted the following working principles:

### **Working Principles:**

1. Net spend capped at 1% increase on the rates i.e. this equates to approx. £7m. It must be noted that this is the maximum capital expenditure for Council across all directorates and is not for the exclusive use of the L&D directorate. Other expenditure such as replacement bin lorries and major works at harbours and marinas etc are also taken from this one capital funding pot.
2. Proactive approach to Infrastructure Investment – Prioritisation of essential estate / fleet i.e this expenditure has always taken precedence and can therefore significantly reduce the capital expenditure available to L&D.
3. Strict application of Council's 4 Stage Capital Project Management System using objective Business Cases.
4. Following strategic analysis based upon a need / evidence based approach, projects with economic and social benefit will be developed, whilst endeavouring to secure and maximise the benefit of external grant funding for the Borough.

A Project Prioritisation Workshop was held in November 2016 and Members prioritised projects from each Committee service area for progress. This was done using the Consensual Decision Making Model whereby each Member assigned their top ten priorities and within that, 10 points to their highest priority project down to 1 point for their tenth ranking project. The points assigned by each Member were then totalled across all the projects and the 10 overall highest scoring projects were thus established as Members overall priorities.

The following summarises the results of the Consensual Decision Making exercise, which culminated in the approved 2017 Capital Projects list.

1. Limavady Accessible Play Park
2. Cloughmills Sports Pitch Scheme
3. Christie Park Improvement
4. Burnfoot Sports Changing Rooms & Recreation Grounds
5. Ballymoney to Ballycastle Greenway
6. Killyrammer Community Centre Improvement Scheme

7. JDLC Sports Hall Extension, Ballymoney
8. Aghadowey Play Park
9. Bushmills Integrated Village Strategy
10. Portrush Recreation Grounds

A number of these projects have now been progressed along the 4 stage approval process, largely driven by Working Principle (4) above. However, the application of this Working Principle in practice has proved difficult without clear and objective prioritisation criteria, consequently delivery has been driven by the criteria set by external funding bodies.

More recently in February/March this year, Council noted the findings of Mid-Term Reviews of both the Pitch Strategy and Play Strategy and approved a recommendation:

*'...the Mid Term update report(s) should be used to revisit and inform Council's prioritised list of capital projects for sports pitch/play provision. The projects highlighted within the Mid-Term Review(s) that have not been progressed could then be progressed to business case subject to affordability and Committee/Council approval'.*

Given both the passage of time and change in Council membership, it was agreed that the Director for Leisure and Development would bring forward a proposal for a new capital programme prioritisation process for Members consideration, which takes account of existing projects and any new projects identified within the Play & Pitch Strategies or by Members.

### **3.0 Current Capital Project Listing for Leisure & Development**

Leisure & Development currently has c.65 projects on the Capital Programme with a total cost of c.£70m at various stages of the 4 stage capital process.

A summary of the L&D projects at each stage of the capital process is provided below:

- Stage 4 (In-use): 18 projects at a cost of £8.1m.
- Stage 3 (Construction): 9 projects at a cost of £7.2m.
- Stage 2 (FBC): 14 projects at a cost of £55.2m.
- Stage 1 (OBC): 6 projects at a cost £1m.
- Stage 0 (SOC): 17 projects with no cost estimate.

The overall Capital Programme is heavily subscribed and currently unaffordable within the planning horizon of the next 5 years and financed in the main by a mix of Public Works loans, capital reserves, asset disposals and external grant funding. However, Council has been successful in reducing its loan financing from a peak of £76m to below £50m in recent years and securing substantial levels of external funding from government on major projects, which has eased pressure on Council resources.

### **4.0 Proposed Project Prioritisation Process**

To deliver best value, effectively resource capital delivery and minimise abortive project costs, an objective and evidence-based prioritisation process is being proposed. This is to be applied at Stage 0 – entry point to the Capital Programme for Leisure & Development projects, to generate consistent results on a like-for-like basis. If approved, it is anticipated that other directorates will adopt the same approach.

This will necessitate specific capital budget allocations for committed spend, essential spend and discretionary spend by directorate.

A number of approaches could be adopted ranging from:

- **Do Nothing** – continue to work through existing projects listings with no new priorities;
- **Status Quo** – Reintroduce Consensual Decision-Making Process as before;

- **Basic Prioritisation** – based on prioritisation of Council’s estate, health and safety risks, commercial opportunities, external funding opportunities, environmental drivers etc;
- **Moderate Prioritisation** – based on evidence and assessment of critical success criteria for project delivery at SOC stage; and
- **Comprehensive Prioritisation** – based on multiple criteria adopted from Council’s external grant programme and additional internal criteria which would potentially require independent/expert panel and be more resource intensive to implement.

A Moderate Prioritisation process is proposed as a proportionate and objective approach that utilises best practice government guidance, HMT Project Business Case and can be tailored to meet the specific needs of Council.

To ensure a proportionate response, Council will adopt its existing Business Case Pro-forma to ensure that the level of detail required is aligned with the project cost as follows:

Project Cost	Business Case Requirements	Prioritisation Requirements
Up to £150k	<ul style="list-style-type: none"> <li>• Short OBC Pro-forma</li> </ul>	<ul style="list-style-type: none"> <li>• No – Completed on first come / first served basis via capital budget held for Repairs &amp; Renewals</li> </ul>
£150k - £1m	<ul style="list-style-type: none"> <li>• Project Scoping Form (Internal)</li> </ul>	<ul style="list-style-type: none"> <li>• Yes – PSF assessment (Minor Project)</li> </ul>
£1m+	<ul style="list-style-type: none"> <li>• SOC Pro-forma (Internal/External)</li> </ul>	<ul style="list-style-type: none"> <li>• Yes – SOC assessment (Major Project)</li> </ul>

The proposed approach to assessment against Critical Success Criteria is summarised below:

Critical Success Criteria:	PSF/SOC preferred way forward:	Evidence base for scoring points (each bullet = max 10 points):
<b>1.Strategic Fit &amp; Business Needs</b>	<ul style="list-style-type: none"> <li>✓ Meets spending objectives, business needs and service requirements;</li> <li>✓ Provides holistic fit and synergy with other strategies, programmes and projects.</li> </ul>	<p><b>Max 80 Points:</b></p> <ul style="list-style-type: none"> <li>• Statutory duty to deliver or an urgent health &amp; safety risk to be addressed.</li> <li>• Strategic fit with Council Strategies and Policies e.g. environmental/social value.</li> <li>• Strategic fit with relevant Government and external funder strategies.</li> <li>• Strategic priority underpinned with demand/supply analysis e.g. pitch, play, community strategies.</li> <li>• Clearly demonstrated community consultation.</li> <li>• Offers additionality with limited displacement.</li> <li>• Defined community outcomes and benefits (SMART objectives).</li> <li>• Targeting use by underrepresented groups and improving overall accessibility.</li> </ul>
<b>2.Potential Value for Money</b>	<ul style="list-style-type: none"> <li>✓ Optimises public value (social, economic and environmental), in terms of the potential costs, benefits and risks.</li> </ul>	<p><b>Max 40 Points:</b></p> <ul style="list-style-type: none"> <li>• Outline costings prepared by technical team and demonstrate an economic solution.</li> <li>• Main benefits and beneficiaries quantified and demonstrate cost effectiveness.</li> <li>• Key risks appraised with no major land / legal impediments.</li> <li>• Commercial opportunity to significantly reduce revenue subvention.</li> </ul>

<b>Critical Success Criteria:</b>	<b>PSF/SOC preferred way forward:</b>	<b>Evidence base for scoring points (each bullet = max 10 points):</b>
<b>3.Potential Affordability</b>	<ul style="list-style-type: none"> <li>✓ Can be funded from available sources of finance.</li> <li>✓ Aligns with revenue constraints.</li> </ul>	<p><b>Max 30 Points:</b></p> <ul style="list-style-type: none"> <li>• Council's Capital Programme affordability.</li> <li>• Majority external funding opportunity.</li> <li>• Income &amp; Expenditure forecast and annual subvention affordable within revenue budgets.</li> </ul>
<b>4.Potential Achievability</b>	<ul style="list-style-type: none"> <li>✓ Is likely to be delivered given the organisation's ability to respond to the changes required.</li> <li>✓ Matches the available skills required for successful delivery.</li> </ul>	<p><b>Max 10 Points:</b></p> <ul style="list-style-type: none"> <li>• Governance structure in place &amp; development cost budget in place for OBC development.</li> </ul>
<b>5.Potential Deliverability (Capacity and Capability)</b>	<ul style="list-style-type: none"> <li>✓ Matches the ability of potential suppliers required to deliver the services.</li> <li>✓ Is likely to be attractive to supply side.</li> </ul>	<p><b>Max 10 Points:</b></p> <ul style="list-style-type: none"> <li>• Capital Delivery Team Capacity to deliver &amp; business case consultant and technical team appointable in line with procurement policy.</li> </ul>
<b>Total Score</b>		<b>Max 170 Points</b>

Projects seeking entry onto the Capital Programme would need to meet the five Critical Success Criteria above using the PSF/SOC as the evidence base and then be scored and ranked by priority order. Following approval at Stage 0, projects would then be added to the Capital Programme and OBCs commissioned.

The prioritisation process will then be revisited on an annual basis and Capital Workshop(s) held with Members in Quarter 4 to revisit the project prioritisation for the incoming financial year. This will automatically bring forward the prioritised projects from the previous year that have not been progressed because of affordability constraints, to be assessed against any new projects. This would include the existing capital project listing of projects at Stage 0.

## **5.0 Next Steps**

Subject to Council approval for the proposed capital prioritisation process, it is proposed that the following Capital Workshops take place to seek Members input:

- Capital Workshop 1 – Review of current (2017) Capital Programme Project Listing to remove old projects Council no longer wish to progress and to add new projects;
- PSF/SOCs prepared by officers for all projects being proposed for the Capital Programme;
- Officer assessment panel established to score and rank PSF/SOCs against the assessment criteria for inclusion and prioritisation on the Capital Programme List;
- Capital Workshop 2 – Results of assessment project prioritisation for Members discussion and agreement; and
- Final Prioritised Capital Programme presented to L&D Committee/Council for approval.

## **6.0 Recommendation**

Members are asked to approve the proposed assessment criteria and next steps as detailed, and to enable the new Prioritisation Process for Capital Projects.