Chorley Borough Council Capital Strategy APPENDIX H

INTRODUCTION

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to provide a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with corporate objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

PURPOSE

2. The capital strategy sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward an impact on the achievement of corporate strategy priorities.

3. The capital strategy sets out a framework for the self-management of capital finance and examines the following areas:

    - Capital expenditure
    - Treasury Management
    - Commercial Activity
    - The future ambition of the council's capital programme

4. The capital strategy is to be approved annually by Full Council alongside the budget setting papers.

CAPITAL EXPENDITURE

5. The Council's Capital Programme forms part of the Council's overall financial strategy to deliver some of its key objectives contained in the Corporate Priorities. The Capital Programme has to be affordable and based upon prudence. The current local government financial position and the need to make revenue savings will impact on the Council's ability to finance further capital spending unless additional funding is secured from external sources. The Capital Programme is constructed based upon the following objectives.

The resources available will be targeted at areas that deliver corporate priorities as described in the annual Corporate Strategy

Borrowing will be managed to ensure the future impact on revenue is minimised

The council will consider the purchase and/or development of assets to generate a sustainable revenue stream to counteract against the risk of future reductions in grant funding and year to year fluctuations in locally sourced funding and to invest in regeneration of the Borough

The council will consider working with partners to assist them to meet both their objectives and the council's objectives; this must have no impact on revenue budgets. This support may include granting loans to organisations at a rate that generates a greater return to the council.

The council will continue to identify land to assist in delivering its affordable housing targets.

The council will look to maximise opportunities to attract external finance to sustain its programme of work

Governance

6. Democratic decision-making and scrutiny provide overall political direction and ensure accountability for investment in the capital programme. These processes include:

    - Full Council approves the Council's Corporate Strategy that is refreshed every year, this strategy features numerous capital projects that are then built into the council's budget setting process.
    - The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the executive before submission to the Full Council.
    - Full Council approves the capital programme as well as the Treasury Management and Investment Strategy. The revenue implications of these strategies are included in the annual budget and Medium Term Financial Strategy, all of which is approved by Full Council.
    - Executive Cabinet receives quarterly revenue and capital monitoring reports, approves variations (or recommends approvals to Full Council) and considers new bids for inclusion in the capital programme.
    - Portfolio holders are assigned projects in line with their responsibilities
    - Overview and Scrutiny can call in Cabinet reports, receive and scrutinise reports
    - All projects progressing to the capital programme follow the constitution and financial regulations, this includes adjustments to the projects as they progress
    - The capital programme is subject to internal and external audit.

7. The definition of 'capital' will be determined by the Chief Finance Officer, having regard to government regulations and accounting requirements. Further information regarding the governance of the capital programme is given in paragraphs 2.50 to 2.64 of Appendix 4 of the Constitution titled Financial Regulations & Financial Procedure Rules as approved by Full Council on 11th August 2017.

New Capital Proposals

8. A new proposed scheme must be assigned a project manager. Standardised project initiation documentation is used based upon Prince 2 project management methodologies. As a result, new projects focus on the benefits it can deliver through the measurable project outcomes, not just time and cost.

9. Business cases are created and scrutinised by the finance team to ensure all financing, capital and revenue expenditure and income implications have been considered across the lifecycle of the investment with appropriate levels of sensitivity analysis surrounding key assumptions. If required, external expertise will be sought to provide specialist support such as VAT and governance advice. Outline risk registers are included and scrutinised by internal audit, finance and the service managers.

10. New proposals along with the business cases are reported to the Transformation Board to ensure schemes are compliant with the council's overall strategic objectives. The role of the Transformation Board is to ensure that new proposals are not considered in

isolation but rather considered alongside existing schemes and other new proposals. In doing this the Transformation Board ensures the council's corporate priorities are driving future capital investment. For example the council's Medium term Financial Strategy includes the ambition to create future efficiency savings, contract savings and income generation, as well as benefit residents and local communities. Projects that are brought forward to the Transformation Board must meet one or more of these objectives.

11. Once considered by the Transformation Board new proposals are taken to the Senior Management Team, including the Chief Finance Officer, and if accepted they are taken to the administration for approval. In line with the requirements of the constitution, the new project may be taken to Executive Cabinet or Full Council for final approval. Projects are monitored through the council's project management framework including the use of Prince 2 project management tools to ensure responsible officers are identified, business cases are reviewed, risks logged, stakeholders suitably engaged and project outcomes realised and reviewed.

Affordability, Prudence and Sustainability

12. The Prudential Code requires that the Authority shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Council's overall fiscal sustainability.

13. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur in the forthcoming financial year and at least the following two financial years.

14. The latest capital programme will be approved at Full Council on 26 February 2019 and is outlined in Table 1.

Table 1: Capital Programme 2018/19 to 2021/22

Directorate	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Customer & Digital	2.439	0.000	0.000	0.000	2.439
Early Intervention & Support	1.004	1.869	3.581	3.640	10.097
Policy & Governance	0.347	1.750	0.000	0.000	2.097
Business Development & Growth	27.400	10.367	0.300	0.300	38.366
Total Capital Expenditure	**31.190**	**13.986**	**3.881**	**3.940**	**52.999**
Capital Receipts	0.645	0.410	0.000	0.000	**1.056**
Reserves	2.857	0.785	0.200	0.400	**4.242**
Grants	9.398	1.456	0.846	0.846	**12.546**
Developer Contributions	7.401	2.758	0.000	0.000	**10.160**
Borrowing	0.210	2.015	0.200	0.000	**2.424**
Self-Financed Borrowing	10.679	6.561	2.636	2.695	**22.571**
Total Financing	**31.190**	**13.986**	**3.881**	**3.940**	**52.999**

15. The Capital Expenditure Prudential Indicator (Table 1) is the platform from which most Prudential Indicators of the Council are formed; this Prudential Indicator (PI) is grounded in the Council's capital programme, and is a stated Affordability indicator within the Prudential Code.

16. The predominantly high value projects within any capital programme means capital expenditure is a significant source of risk for any Council; the nature of these projects means they are often subject to cost variations, slippage or changes in specification.

17. Having established through the governance process that the capital programme is affordable, the monitoring of agreed against actual is a key element of risk management which this PI is designed to assist with; quarterly monitoring, using this PI as it's cornerstone, will help sign-post where schemes are straying from expectation either in regard to cost or timeframe

18. A typical measure of affordability is to compare the council's capital financing costs (interest and MRP) to the net revenue stream (council tax, business rates, revenue support grant and new homes bonus income). An increasing percentage would mean a greater proportion of the council's funding being used to meet its debt. Table 2 provides a modified version of this ratio that also includes the net income generated through investing in income generating assets. It is correct to include this income in the net income stream as borrowing has been used to part-fund these investments. An analysis of this ratio is given below:

Table 2: Debt/Net Income Stream

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
MRP and Interest	**1.025**	**1.389**	**1.829**	**1.927**
Council Tax	(6.823)	(7.128)	(7.380)	(7.641)
Business Rates including grants for reliefs	(4.389)	(4.707)	(3.648)	(3.648)
New Homes Bonus	(2.989)	(2.790)	(2.196)	(2.096)
Revenue Support Grant	(0.299)	-	-	-
Net Income Stream	**(14.500)**	**(14.625)**	**(13.224)**	**(13.385)**
Market Walk net income*	(1.625)	(1.575)	(1.575)	(1.575)
Other Town Centre Property*	(0.218)	(0.218)	(0.218)	(0.218)
Industrial Estate Property*	(0.050)	(0.050)	(0.050)	(0.050)
Land, Garages and Plots*	(0.081)	(0.081)	(0.081)	(0.081)
Net Income* – Market Walk Extension	0.000	(0.161)	(0.645)	(0.645)
Net Income* – Primrose Retirement	0.092	0.085	(0.205)	(0.206)
Net Income* – Strawberry Fields Digital Office	0.068	0.034	(0.308)	(0.343)
Net Income* – Deliver Housing Units	0.000	0.029	(0.079)	(0.177)
Adjusted Net Income Stream	**(16.314)**	**(16.562)**	**(16.385)**	**(16.680)**
Capital Financing/Net Revenue Stream	**6.28%**	**8.39%**	**11.16%**	**11.56%**

*Excludes borrowing costs that are included in the first line of the table

19. Table 2 gives a proposed performance indicator regarding the affordability of the council's capital strategy. It should be noted however that this indicator could increase due to large reductions in government funding through changes to New Homes Bonus allocations or reductions in retained business rates.

20. The opportunities and risks regarding the council's investment in income generating assets is analysed further in the 'Commercial' Activity section of this report.

Prudence

21. The Code also states that "In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years." This is a key indicator of prudence.

Table 3: Capital Financing Requirement 2018/19 to 2021/22

	2018/19 £m	**2019/20 £m**	**2020/21 £m**	**2021/22 £m**
Opening Capital Financing Requirement	**41.506**	**51.879**	**59.885**	**61.859**
Increase in prudential borrowing	10.889	8.576	2.836	2.695
Provision made for debt repayments	(0.516)	(0.570)	(0.862)	(0.869)
Closing Capital Financing Requirement	**51.879**	**59.885**	**61.859**	**63.685**

22. As such there is a requirement to ensure that net debt (the sum of borrowing and other long-term liabilities, net of investments) in 2018/19 does not, except in the short term, exceed £59.9m (i.e. the estimated CFR for 2019/20).

ASSET MAINTENANCE

23. It is the council's ambition to create an asset management plan, resources have been set aside and qualified staff recruited to begin this process however it will not be finalised prior to Full Council on 26 February 2019. As such the council will include this plan with the lifecycle investment requirements and risk assessment in the 2019/20 Capital Strategy. This will therefore provide a long-term view of the capital programme and how it manages existing assets.

24. The Council sets aside sufficient budget every year for the maintenance of its assets. New Homes Bonus is set aside every year to fund the replacement and enhancement of Council owned assets. This approach mitigates any potential cost to the council's revenue budget of borrowing to fund capitalised expenditure on council owned assets.

Table 4: Capital expenditure on council owned assets (not project specific)

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
General Council Owned Asset Improvements	0.126	0.163	0.090	0.256
Leisure Centres	0.021	0.110	0.000	0.050
TOTAL	**0.147**	**0.273**	**0.090**	**0.306**
Budget	**0.275**	**0.400**	**0.285**	**0.445**

25. Any unspent budget is rolled forward to ensure that any peaks and troughs in capital expenditure are managed within budget. The budget has been sufficient to meet past expenditure requirements as outlined in table 4. The council will continue to set aside £400k per annum to meet these improvements. The council also budgets £200k per annum for revenue expenditure relating to reactive and planned maintenance of its assets.

26. In addition, the council holds a sinking fund and maintenance reserve for Market Walk Shopping centre to fund any maintenance and investment requirements. It will also set aside sufficient budgets to fund maintenance works to its major capital projects that will become operational in the coming years.

COMMERCIAL ACTIVITY

27. This section outlines the investment in assets that has been made or will be made in the coming years that are forecast to generate net revenue to the council in the medium to long term. The investments however are made for purposes other than purely generating a yield including economic regeneration, job creation, improvements to housing standards and improving residents' enjoyment of the town centre.

28. The council already has a number of assets that generate net income, these are summarised below.

Table 5: Summary of Net Income from Existing Assets

Directorate	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Market Walk Shopping Centre (excluding borrowing)	(1.626)	(1.576)	(1.576)	(1.576)
Other Town Centre Property	(0.218)	(0.218)	(0.218)	(0.218)
Industrial Estate Property	(0.050)	(0.050)	(0.050)	(0.050)
Land, Garages and Plots	(0.081)	(0.081)	(0.081)	(0.081)
Total Net Income	**(1.975)**	**(1.925)**	**(1.925)**	**(1.925)**
Gross Directorate Budgets Chorley Council	15.324	16.025	15.399	15.278
% Net Income to Gross Directorate Budgets	**12.89%**	**12.01%**	**12.50%**	**12.60%**

29. Net income has remained consistently at approximately £1.9m. In recent months the council has experienced some new voids in its lettings at Market Walk Shopping Centre. The current and expected void rates at Market Walk are as follows:

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Void Rate (sft voids/total sqft)	2.95%	4.49%	6.35%	6.35%	6.35%

30. Any additional voids are reported to the Market Walk Steering Group and through the quarterly budget monitoring reports. The council employs local letting agents to source new tenants and the council offers business grants to stimulate economic interest in the Borough. The remainder of the income generating assets in Table 5 are fully occupied.

31. The council's directorate budgets are funded by approximately 12% through the income generated by these assets. This percentage will increase as the council is investing in new income generating assets to broaden its investment portfolio and mitigate the impact that austerity is having on the services received by its residents.

New Investment

32. Chorley Council has a highly ambitious £53m capital programme with large investments in income generating assets. These are considered to be service investments as they are made for commercial and non-commercial purposes – the latter including economic regeneration, provision of affordable housing and extra care support.

33. Prudential borrowing will be used to part-fund some of these large projects and the cost of this borrowing (both MRP and interest) will be met through the income generated by these assets. This presents an opportunity for the Council to regenerate the borough whilst generating net income but also creates some level of risk as to ensuring the net income meets running and borrowing costs.

34. These projects are not without risk to the council. Table 6 highlights some of the key assumptions included in the council's medium term financial strategy that relate to these major projects.

Table 6: Analysis of Major New Projects

	2019/20	2020/21	2021/22
Digital Office Park			
Avg. Occupancy Level	50%	75%	80%
Total Income	(593,590)	(858,410)	(875,010)
Running Costs	627,180	550,510	531,610
Borrowing	126,890	168,280	168,240
Net Income	**160,480**	**(139,620)**	**(175,160)**
Primrose Gardens			
Avg. Occupancy Level	50%	90%	90%
Total Income	(340,905)	(621,140)	(624,029)
Running Costs	426,316	415,823	417,974
Borrowing Costs	128,080	198,950	192,070
Net Income	**213,491**	**(6,367)**	**(13,985)**
Market Walk Extension			
Avg. Occupancy Level	80%	80%	80%
Total Income	(161,000)	(645,000)	(645,000)
Running Costs	16,000	80,000	80,000
Borrowing Costs	20,000	265,000	265,000
Net Income	**(125,000)**	**(300,000)**	**(300,000)**
Deliver Housing Units			
Number of Homes	10	34	58
Avg. Occupancy Level	92%	92%	92%
Total Income	(52,400)	(193,500)	(344,900)
Running Costs	81,600	114,700	168,000
Borrowing Costs	36,000	129,800	225,600
Net Income	**65,200**	**51,000**	**48,700**
Total			
Total Income	(1,147,895)	(2,318,050)	(2,488,939)
Total Running Costs	1,151,096	1,161,033	1,197,584
Total Borrowing Costs	310,970	762,030	850,910
Total Net Income	**314,171**	**(394,987)**	**(440,445)**

Risk

35. The net income generated from the schemes is estimated to be £0.440m by 2021/22 meaning forecast income would have to fall by 18% before the schemes only break-even. All assumptions within these models are frequently revisited by the relevant project teams to ensure the investments remain prudent, sustainable and affordable.

36. The forecast deficits in 2019/20 are the result of assumed borrowing costs and low initial occupancy levels. Of the £314k deficit, £260k relates to the interest on assumed borrowing the council will take to fund its investments. It is possible the council will not take this borrowing and instead use internal cash resources where it is economically advantageous to do so.

37. **Occupancy Levels** – the occupancy levels assumed in Table 6 are deemed prudent based on the current information regarding these sites:
    - The letting agents target for pre-lets at the Digital Office Park is 20%, to date there is been a high level of enquiries for varying levels of office space at Strawberry Fields. Based on this interest, it is assumed an average occupancy in 2019/20 of 50% is a prudent estimate.
    - The new extension to Market Walk shopping centre has gained signed agreements and heads of terms equating to 55% of the shopping centres total lettable space. With the centre due to open in November 2019 and letting agents in contact with other potential tenants, the assumed 80% occupancy level is deemed prudent and achievable.
    - 215 applications were received prior to September 2018 for residency at Primrose Garden's 65 units. Of these 37 (57%) are at the point of receiving a provisional offer. The budgeted occupancy at Primrose Gardens is estimated to rise from 10% to 80% in 2019/20 and is therefore prudent based on current demand.

38. The interest rates assumed in the models are based on current PWLB rates accessible to the council. An indicative 1% increase in the interest rate would increase borrowing costs across the schemes by £0.160m and therefore would not result in a deficit position for these projects overall.

39. All external funding contributions towards these projects have been secured with the exception of the housing units project that is still in the early stages of project management.

40. When completed all assets are brought into the council's year-end valuation cycle. All assets are valued at least every 5 years however assets will be valued if there is reason to believe its value may have changed by a material amount. Officers take advice from qualified RICS surveyors regarding these issues.

41. The council holds a £4m unallocated general fund reserve that is in place to manage unforeseen expenditure or a fall in forecast income. The Council's major projects, including the existing Market Walk shopping centre, include a maintenance budget to manage day-to-day as well as larger scale repairs and maintenance.

Table 7: Summary of Net Income from Existing Assets

Directorate	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Market Walk Shopping Centre (excluding borrowing)	(1.626)	(1.576)	(1.576)	(1.576)
Other Town Centre Property	(0.218)	(0.218)	(0.218)	(0.218)
Industrial Estate Property	(0.050)	(0.050)	(0.050)	(0.050)
Land, Garages and Plots	(0.081)	(0.081)	(0.081)	(0.081)
Major Projects	0.160	0.314	(0.395)	(0.440)
Total Net Income	**(1.815)**	**(1.610)**	**(2.320)**	**(2.365)**
Gross Directorate Budgets Chorley Council	15.324	16.025	15.399	15.278
% Net Income to Net Directorate Budgets	**11.84%**	**10.05%**	**15.06%**	**15.48%**

42. Table 7 above gives the revised indicator of the relative level of directorate budgets funded through income generation. This indicator will be monitored as described in Table 8 of this report.

Risk Appetite

43. A key element of the Capital Strategy is to define what Chorley Council's risk appetite. Chorley Borough Council is exposed to a number of investment and commercial risks:
    - **Financial risk** relating to the investment of cash, market volatility, currency markets, etc
    - **Economic risk** relating to whether the local / national economy is growing or contracting
    - **Counterparty risk** relating to investments, loans to third parties and business transactions
    - **Operational risk** arising from transactions
    - **Strategic risk** relating to the decisions taken by the Council in pursuit of its corporate objectives, i.e. the purchase of major new assets.
    - **Reputational risk** relating to the adverse impact of the Council's dealings
    - **Environmental** and **social risks** arising from the adverse impact of investments
    - **Governance risk** relating to the transparency and accountability of decisions and decision-makers.

44. The Council has no appetite for **reputational, governance** and **foreign currency risk**. Its approach to other risks is as follows:

45. **Financial** – subject to full due diligence and appropriate external advice the Council will have a moderate risk appetite for investment / expenditure on a range of asset classes, property and longer-term investments. Security and liquidity will be appropriate for the type of investment made. Income generation will prevail over capital appreciation. The Council will have no appetite for volatile or emerging market sector investments.

46. **Economic** – The Council will have a high risk appetite for appropriate investments / expenditure in the Borough, it has no risk appetite for investments outside the Borough. The Council will have a low appetite for interest rate risk exposure.

47. **Counterparty** – the Council will have a high appetite for highly rated counterparties and financial institutions and a low appetite for unsecured non-investment debt. All investments will be subject to careful due diligence and an assessment of the Council's corporate priorities and liquidity profile.

48. **Operational** – the Council will have a low risk appetite for all operational risk arising from factors such as: price errors, administrative errors, IT security, etc. Specific business risks are identified at business unit level and business continuity plans identify and mitigate as appropriate. There is no appetite for fraud, regulatory breaches and exceeding approved limits.

49. **Strategic** – The Council will have a high appetite for investments which further its corporate priorities, increase revenue streams and / or facilitate the efficient and effective delivery of core service objectives,

50. **Environmental and social** – the Council will have no appetite for environmental and social risk.

KNOWLEDGE AND SKILLS

51. The council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

52. Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the strategic director of finance and governance.

RECOMMENDATIONS

53. It is recommended that the prudential indicators outlined in Table 8 are approved as part of the 2019/20 budget.

54. It should be noted that these performance indicators are specific to Chorley Council due both to its composition of funding and its unique level of commercial activity. As such these cannot be benchmarked effectively against other council's indicators. The indicators can however be monitored over time. As such it is proposed that these performance indicators will be monitored, reported and, where necessary adjusted, every six months. They will be reported to Governance Committee and Full Council.

Table 8 – Prudential Indicators 2018/19 to 2021/22

Indicator	2018/19	2019/20	2020/21	2021/22
Estimated Capital Expenditure (Table 1)	£31.190m	£13.986m	£3.881m	£3.940m
Financing as a % of adjusted net revenue (Table 2)	6.28%	8.38%	11.15%	11.55%
Estimated Capital Financing Requirement (Table 3)	£51.879m	£59.885m	£61.859m	£63.685m
% Net Income to Gross Directorate Budgets (Table 7)	11.84%	10.05%	15.06%	15.48%

CHORLEY COUNCIL'S CAPITAL INVESTMENT AMBITION

55. The council's ambition to invest within the borough stretches beyond the time scales of its approved capital programme. The council will invest to deliver efficiency saving, generate additional income to be reinvested in services and invest to support local residents and communities. Future ambitions of the council's capital programme are outlined further below.

Investment Sites

56. The council currently has three sites that have been identified as a priority to bring forward for employment, Land East of Wigan Road, Alker Lane and Cowling Farm site. Site investigations and assessments are being undertaken and option appraisals are being developed to model how the sites can be developed. The cost of developing the sites will be met through an income generation reserve of c. £700k as well as a potential top slice from future capital receipts capped at a maximum of 4% of total capital receipts.

57. It is envisaged that the sites will generate capital receipts as well as ongoing net income for the council. The development of the master plans and delivery models are been undertaken with support from external experts. Planning approval will take time and so it is assumed that the sites will generate £200k income to the council in 2021/22.

Housing

58. The council has already approved an ambitious plan to invest £14m in the coming six years in both private and affordable rental properties. In partnership with neighbouring boroughs the council is reviewing it local plan to identify further sites on which to develop housing. The council encourages an innovative approach to service delivery, the council will purchase and manage its rental stock through one or more wholly owned companies with the council providing loans to develop sites, purchase the stock and manage operations. The funding for this ambitious programme will come from additional borrowing to be repaid through the income generated from the housing sites and the loan repayments from the wholly owned companies.

Efficiency Savings

59. The council's Medium Term Financial Strategy identifies a further £350k revenue budget efficiency savings to be realised in 2019/20 onwards. These savings will come through reduced revenue budgets and additional income generation. The council's Corporate Strategy recognises the need to invest in services to deliver these savings. These investments will include the following:

60. The **Streetscene Modernisation strategy** will review current working practices to identify and implement improvements within the three core services in Streetscene; street cleansing, grounds maintenance and communities. The council has already set aside £130k from revenue reserves to fund additional equipment and ICT to deliver a more efficient, high quality service that will better use technology to support new ways of working.

61. The council has already included in its capital programme £750k to modernise its ICT to both improve the efficiency of its staff as well as improve its customer facing services. The **ICT Strategy** will begin moving its services to cloud-based technology that will allow staff and residents to access services from a broader range of devices and provide more accessibility to services during conventionally out-of-hours times.

62. Developing the ICT strategy sits alongside other investment by the council in its infrastructure. Through the **WorkSmart** programme the council's ambition is to consolidate its portfolio of offices to reduce costs and improve efficiency across its services. To do this the council will set aside £1.3m in the capital programme from 2019/20 onwards to modernise its customer services centre.

63. There are a range of benefits that will be achieved from this work including improving the customer facing areas to improve residents' customer experience when visiting the Union Street offices. This will include and encourage the use of self-service terminals and link to one of the digital strategy projects to refresh the council's website. The changes will lead to a better use of space and therefore create additional capacity in the civic offices to enable all office based staff at Bengal Street to move to the Union St building, which will lead to operational savings from **rationalising office** based staff from across three to two buildings.

64. Investment in the facilities at the town hall will enhance the **commercial offer** of the Lancastrian as well as providing additional facilities such as meeting rooms and break out areas. The council has also set aside £485k of revenue resources to convert the vacant unit above the Iceland store in Market Walk into town centre office space. It will provide office space for one or more small businesses, in an ideal location near car parking, rail and bus transport. This scheme will also generate a small an ongoing revenue income stream for the Council.

The investment outlined above emphasise the council's ambition to utilise capital expenditure to drive forward efficiencies as well as commercial opportunities for the benefit of its residents and council tax payers. Further opportunities are and will be considered with funding identified to continue this ambition.

Community Infrastructure 123 List

65. The Chorley Council projects included in the updated Community Infrastructure Levy (CIL) Regulation 123 list are an indication of the opportunities the council is seeking to part-fund within its medium to long-term capital programme. If approved, the outcomes are expected to bring benefits to local residents through improved services and more sustainable council services. The current CIL monies available for such projects as well as other included on the list is over £4.5m.

Leisure Centre Contract

66. The management of the council's leisure centre services will be renewed in October 2020. The council is seeking to utilise CIL and other funding, including borrowing, to invest in its leisure centres and the services they deliver. This will benefit residents through improved facilities and services and a lower annual cost of the leisure services management contract with the council's ambition to deliver a revenue neutral contract saving over £400k per year.

GP Surgery

67. The proposal is for a new GP surgery area of Clayton-le-Woods is essential as the current surgery is no longer operationally fit for purpose putting pressure on the current doctor's surgery. This has been a concern for residents for some time and this investment will give the local services a long term future and provide enough space for them to grow and continue to meet the needs of the local community. The cost of the CIL request would be up to £1 million with part funding from borrowing and the NHS. It is expected this will deliver improved health services to residents as well as a financial return to the council.

West Way Playing Fields

68. The council's current capital programme includes £950k to fund a new sports facility at West Way playing fields. The ambition of the project has now been extended and the council will increase the capital budget to £2.7m that will create:
    - Changing facilities which meet the Football Association and Sport England Standards with an enhanced entrance off West Way and associated car parking;
    - A fenced Artificial Grass Pitch (AGP) which meets Football Association standards;
    - Pitch drainage improvements
    - Enhanced events car parking to support large events in Astley Park.
    - Works to pathways that will provide a link between Astley Park and the new playing fields

Play and Open Spaces

69. Through numerous large to small developments within the borough the council has accumulated over £2m of s106 developer contributions towards the provision of play equipment, playing fields and open spaces. As well as West Way identified above, the council has over £2m allocated in the current capital programme to improving its play and open space provision across all areas of the borough. This strategy will deliver a programme of continuous investments in the medium to long term with new contributions and site improvements being identified as part of a rolling programme of investment that will fully commit existing and new developer contributions.

One Public Estate

70. The council has made two bids for government grant funding through its One Public Estate project. One Public Estate encourages partnership working between public and private sector organisations with ultimate goal of breaking down historical barriers to get the best use of public land and property.

71. Through this project the council is looking to develop its Bengal Street and Tatton Recreation sites and support the release of these windfall sites in public ownership for new homes, play and recreation as well as developing a centre of excellence in community and health services. It has the potential to regenerate key sections of the town centre and result in capital receipts depending upon the redevelopment strategy adopted as a consequence of the feasibility work.