

# **PERTH AND KINROSS COUNCIL**

**6 OCTOBER 2021**

## **THE INVESTMENT BLUEPRINT**

**Report by Chief Operating Officer  
(Report No. 21/180)**

### **PURPOSE OF REPORT**

This report introduces the Investment Blueprint as a key component of our wider Strategic Capital Investment Planning Framework; the Blueprint will support a more transparent and flexible approach to investment decision making to support the long-term vision of the Council.

## **1. BACKGROUND**

- 1.1 It is the role of elected members to make strategic capital investment decisions which will have a long term and lasting impact. Capital investments are often generational in their impact, creating, for example, the infrastructure to support our communities, for decades to come. Funding such investment also means a long-term commitment of public funds. It is crucial, therefore, that the Council invests in the right things at the right time and can demonstrate that its revenue and capital budget decisions deliver tangible benefits to our communities; underpinning the design and delivery of innovative, sustainable services which better meet their needs and help deliver on their aspirations and ambitions; promoting economic growth and regeneration and supporting all of us on our journey to a net-zero carbon future.
- 1.2 Recognising that the world around us is changing rapidly, our approach to capital investment must be flexible enough to adapt to meet new and emerging needs within our communities, make the best use of fast evolving technology and respond to any significant changes in legislation and national policy direction.
- 1.3 We have a duty that public money is spent on what really matters to the people that we serve and on that which will have the biggest positive impact. To ensure this our capital investments should:
  - support the long-term vision of the Council and deliver tangible benefits to our communities
  - deliver the strategic objectives to achieve the outcomes of the Council and Community Planning Partnership
  - support effective, efficient, innovative and sustainable service design and delivery across Perth and Kinross
  - provide a transparent and flexible approach to investment decision making
  - be prudent, affordable, sustainable and provide value for money taking into account associated revenue implications

- 1.4 The Council uses tools, such as an approved capital programme and an approved governance framework based on best practice programme and project management, to manage its strategic capital investment decision making.
- 1.5 At its meeting on 6 March 2020 (report 20/58 refers), the Council committed to develop an Investment Blueprint to better assist elected members in making strategic capital investment decisions.
- 1.6 The Strategic Capital Investment Planning Framework facilitates a cohesive and flexible approach to investment planning and resourcing and comprises the:
- Investment Blueprint
  - 30 Year Investment Plan
  - Medium Term Financial Plan
  - 6 Year Funded Capital Delivery Programme
- 1.7 The Framework is designed to support the delivery of the Council's vision and the five strategic objectives.

## **2. THE STRATEGIC CAPITAL INVESTMENT PLANNING FRAMEWORK**

### **The Investment Blueprint**

- 2.1 The Investment Blueprint (Appendix 3 to this report) will be a key component of our wider Strategic Capital Investment Planning Framework. The Blueprint sets out the rationale and key drivers for change. It provides five overarching principles to inform our decision-making and help us to direct the investment of public money where it is most needed. The principles are, that our investment decisions must:-
- mitigate against the impact of climate change
  - promote inclusive economic growth and a vibrant community
  - promote equality and fairness
  - support the delivery of sustainable public services through effective management of our assets
  - promote and enhance digital inclusion
- 2.2 The Investment Blueprint will help the Council to identify future investment priorities to allow us to take a longer-term approach to capital investment. The framework allows us to identify priorities, risks, challenges and opportunities with a coherent and consistent mechanism for assessing investment initiatives, providing greater transparency and enabling better informed, risk-based decision-making at all levels within the organisation.
- 2.3 The Investment Blueprint is a living document which will be reviewed and refreshed, based on elected member decisions, as circumstances change to ensure that it best supports informed, risk-based decision-making at any given time.

### **30 Year Investment Plan**

- 2.4 The Blueprint will shape and inform a 30-year rolling investment plan which outlines, at a strategic level, the Council's investment requirements to deliver its strategic objectives. The 30 year plan will be a high level, unfunded plan. It identifies known or potential investment needs based on risk, demand, strategic priorities, legislative or policy requirements alongside any other proposals which are identified by way of political priorities.
- 2.5 The plan will be developed with elected members through applying the Investment Blueprint principles to our asset management plans, life cycle planning and to any investment proposals for additional assets.
- 2.6 Proposals set out within the 30-year investment plan will be subject to the Council's project governance framework, building in further opportunity to review, respond and adapt the Plan to respond to changing needs, circumstances and priorities as they emerge.
- 2.7 To guarantee continued flexibility and good governance, the Plan will be reviewed annually by elected members to ensure that proposals continue to meet the strategic priorities of the Council. This will also allow the opportunity to consider the impact of any decisions in relation to both current revenue and capital budgets.

### **6 Year Funded Capital Delivery Programme**

- 2.8 Once proposals have been worked up to Outline Business Case stage and the required funding approved by Council, they will become funded projects within a **6-year rolling delivery programme**. The programme details the delivery of costed and funded projects and programmes.
- 2.9 The individual projects and programmes are developed from proposals within the 30-Year Plan and monitored and reviewed regularly using our approved project governance framework.
- 2.10 This development utilises the 5 Case Model approach as described in The HM Treasury Green Book and the OGC (Office of Government Commerce) Gateway Review framework. These approaches are detailed in Appendix 1 of this report. Appendix 2 provides a potential outline of how the key stages work within the democratic processes.
- 2.11 Progress in relation to the 6 year rolling funded delivery programme will be reported to elected members via Strategic Policy and Resources Committee.

### **Medium Term Financial Plan**

- 2.12 The Medium-Term Financial Plan (MTFP) outlines the broad "direction of travel" for the Council's financial management with further detail and options for managing the various challenges being developed as part of the Revenue and Capital Budget process.

- 2.13 The Medium-Term Financial Plan seeks to provide a range of scenarios for key variables that are used in long-term budgeting and financial planning.

### **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 Capital investments represent a generational commitment both in terms of financial cost and the physical and digital environment. As such, it is important that investments should focus on the delivery of strategic objectives rather than solely on physical and digital infrastructure.
- 3.2 Strategic direction and approval for capital investment proposals will continue to be provided by elected members.
- 3.3 Investment proposals will continue to be developed from a variety of sources, including, asset management planning, political priorities and responses to macro-economic and environmental challenges.
- 3.4 Elected members will scrutinise and challenge investment proposals as they are developed and managed through the Strategic Capital Investment Planning Framework.
- 3.5 It is recommended that the Council notes the contents of the report and approves:
- i) The Investment Blueprint (Appendix 3) and as described in section 2.

#### **Author**

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#### **Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
Karen Donaldson	Chief Operating Officer (Corporate & Democratic Services)	30 September 2021

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# 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>None</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>Yes</b>
Workforce	<b>Yes</b>
Asset Management (land, property, IST)	<b>Yes</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>Yes</b>
Strategic Environmental Assessment	<b>Yes</b>
Sustainability (community, economic, environmental)	<b>Yes</b>
Legal and Governance	<b>Yes</b>
Risk	<b>Yes</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>None</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

## 1. Strategic Implications

### Corporate Plan

- 1.1 The Council's Corporate Plan 2018-2023 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all these objectives.

## 2. Resource Implications

### Financial

- 2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

### Workforce

- 2.2 There are no direct workforce implications arising from this report other than those reported within the body of the main report.

### Asset Management

- 2.3 There are no direct asset management implications arising from this report other than those reported within the body of the main report.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 The information presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have a direct impact on people's wellbeing.

### Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

The matters presented in this report were considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

## **4. Consultation**

The Interim Chief Executive and the Executive Directors have been consulted in the preparation of this report.

## **2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

## **3. APPENDICES**

**Appendix 1** – 5 Case Model and OGC Gateway Review Approaches

**Appendix 2** – The Strategic Capital Investment Planning Framework and Our Democratic Process

**Appendix 3** – Draft Investment Blueprint