



Fife Council
Capital Strategy

2019-29



Foreword

Fife is ambitious for the future; we want to improve the lives of everyone who lives here. This will not be easy at a time of significant challenge in terms of reducing resources, increasing demand, a growing and ageing population and economic uncertainty. Achieving our ambitions will require dedication and targeted investment in assets. Such investment drives strategic change while providing the context for communities to be involved in local improvement.

Addressing the needs of our most deprived communities is a key aspect of achieving our ambition to make Fife a fair place where everyone has access to the same high quality of opportunity. The Plan for Fife seeks to provide a route map for how we do this, recognising the particular challenges in Mid Fife in relation to inequality and deprivation. This requires major strategic change if we are to effect improvement and how we invest capital and other assets is critical to this.



Steve Grimmond
Chief Executive, Fife Council



Cllr David Alexander
Co-leader, Fife Council



Cllr David Ross
Co-leader, Fife Council

When planning to achieve major improvement it is also important to maintain and enhance existing infrastructure. For this reason, a large part of our capital investment involves maintaining and enhancing key existing infrastructure such as roads and schools. It is also important we make best use of investment opportunities across Fife arising from a variety of sources, most significantly, the Edinburgh and South East Scotland and Tay City Region Deals which Fife is part of.

While we know it will be challenging to achieve our ambitions, we believe it is possible. Key to this is how we work in partnership across all Fife agencies and ensure that all activity is co-ordinated to give the maximum impact for our communities. This is the guiding principle in aligning our capital strategy with the Plan for Fife.

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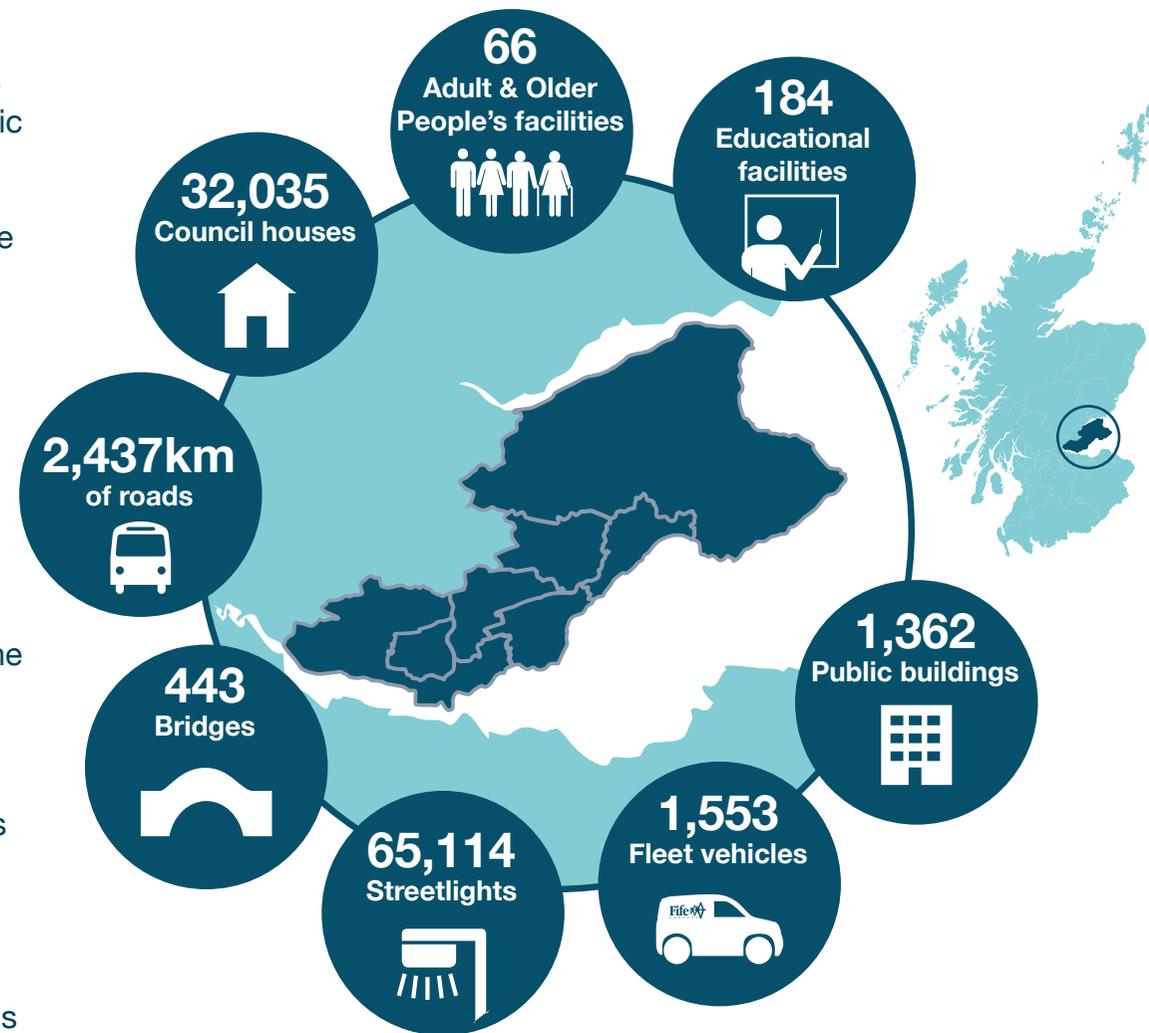
Introduction

The 3rd largest Council in Scotland, Fife Council has ambitious plans to continue to ensure that the services provided are fit for purpose and meet the needs and aspirations of its residents. The Council needs to balance increasing demand through demographic changes with pressure on both revenue and capital resources. Changes to how we do things and how we operate will require a level of investment in facilities to deliver sustainable services in the coming years.

The Capital Strategy 2019-2029 outlines the Council's corporate priorities and the considerations required relating to funding, governance and assessing affordability. There is recognition that there is a need to balance investment between maintaining and enhancing a significant size of existing infrastructure against the ambition for acquiring new assets.

The Council currently has ambitious plans to deliver over £850m of investment in assets over a ten year period, including significant expenditure on schools, infrastructure and housing. The investment is considered vital in the provision of services and to achieve the Council's ambitious outcomes detailed in the Plan for Fife.

Key to the strategy is making the best use of the capital resources available to us. Operating within the CIPFA Prudential Code 2017 there is a need to demonstrate that capital expenditure and investment decisions are taken in line with corporate aims and objectives and take account of stewardship, value for money, prudence, sustainability and affordability. Phasing of expenditure is also a significant consideration to ensure the Council can maximise any grant funding made available.



The Plan for Fife

The Plan for Fife is Fife's Local Outcome Improvement Plan. It aims to deliver real improvements for the people of Fife. It doesn't cover everything we aim to do over the next ten years, but it provides a clear focus for all our other plans. We also have seven local community plans – one for each of our local committee areas.

The Plan for Fife sets out our vision for Fife and by 2027 we want Fife to be a place where all residents live good lives, make informed choices and have a sense of control so that they can reach their full potential, and where all children are safe, happy and healthy. We also want Fife to be a place where we make best use of our assets and facilities, while sustaining them for future generations. We are responding to the Fairness Matters' challenge to be ambitious for Fife by putting a Fairer Fife at the heart of our new plan. We aim to reduce inequalities and to promote fairness in everything we do. This will involve a big effort by all our partners, including the Third Sector and the business community. All our partners recognise that having a Fairer Fife will benefit everyone.

Within this overall vision, we have identified four priority themes to direct our work over the next ten years. These are:

- **Opportunities for All**
- **Thriving Places**
- **Inclusive Growth and Jobs**
- **Community Led Services**



The Plan for Fife

Opportunities for All

Opportunities for All is about ensuring that no-one is left behind. We aim to ensure that every Fifer can access opportunities in education, training, jobs and wider society, and that all Fifers have equal access to the support and advice they might need to support a fulfilling and decent life.

Key investment priorities within this theme include:

- Early learning and childcare - additional capacity will be required across Fife to deliver the increase in entitlement to Early Learning and Childcare. A programme of work to deliver against 1140 hour commitments has been developed in line with Scottish Government expectations.
- Improving access to learning opportunities by improving the condition, sustainability and suitability of our school estate by ensuring that our schools continue to meet the needs of learners and the communities we serve. Building on the recent delivery of the community campus models at Windmill and Waid, we will continue to develop the school estate as multi service facilities, working in collaboration with other Council services as well as our partners. We will also continue to work with developers and others to ensure that as Fife continues to grow we will have sufficient capacity within our schools, including the provision of new primary schools and additional secondary capacity to meet the needs of these new communities.
- Investing in technology to support people to live independently at home or in a homely setting in their community and where this is not practical, ensure we have adequate community provision available across Fife.
- We will continue to invest in the delivery of integrated community based solutions to help Fifers live a fulfilling life in their communities.



The Plan for Fife

Thriving Places

Thriving Places are safe, well designed and maintained places that promote wellbeing, where people are proud to be, and where they have access to the services and facilities they need at different stages of their lives.

Key investment priorities within this theme include

- Increasing the supply of housing, including social care housing, improving the conditions in the private rented sector and improving access to information and advice on housing. This will include working with developers to unlock funding to support transport and educational infrastructure, as well as the delivery of our Phase III affordable housing programme of 3,500 houses.
- Investing in key town centres through a ‘town centre first’ principle. Town centre capital investment will be used to attract external funding to improve the environment and built heritage. We will also promote investment in digital towns, including free public Wi-Fi.
- Facilitating new investment that’s consistent with FifePLAN and align public sector capital investment to unlock developer funding for transport and education infrastructure.
- Investing in sport, leisure, cultural and learning activities.
- Targeting investment in Fife’s green and public spaces and promote sustainable management solutions.
- Investing in climate change/flood alleviation. Improving the flooding resilience of our communities is a key requirement of climate change adaptation. We have made commitments to undertake the feasibility/design options for flood related projects.



The Plan for Fife

Inclusive Growth and jobs

Growth in the local economy should benefit everyone, and shouldn't pass people and places by. We will therefore focus on improving investment, growth and participation by businesses, people and communities, particularly in the mid-Fife area. We aim to support businesses to grow and to make sure that communities benefit from new business investment.

Key investment priorities within this theme include

- Investing in a modern business infrastructure and in developing national and international markets for Fife's businesses. This work will be supported by Edinburgh and Tay City Region Deals.
- Investing in connectivity, particularly transport and digital and workforce mobility. This will include developing business cases for investment in transport infrastructure and an investment plan for Fife's digital assets.
- Making more of Fife's natural, cultural and historical assets to improve year round visitor opportunities and accelerate the growth of tourism in Fife.



The Plan for Fife

Community Led Services

Community Led Services means putting communities and service users at the heart of how we design services, and building on the strengths and assets we have in our workforce and in our communities in order to deliver valued services.

Key investment priorities within this theme include

- Investing in community capacity to get involved and develop confidence to support Community Asset Transfer.
- Making better use of digital opportunities to improve service responsiveness, support independent living and better connect communities and individuals.
- Integrating community facilities.

The Plan for Fife prioritises improving the way that the Council and partners work with people and communities in delivery of Community Led Services. The design and build of new buildings requires communities to be engaged to support the delivery of outcomes. Communities also have views and ideas as to what is best for their communities.

Approaches to the use of Participatory Budgeting with capital funding has already shown the benefits of allowing communities to directly influence and decide on priorities and this approach will be used more widely going forward.



Underpinning delivery against and across these priorities will be our investment in new and improved digital solutions that will improve the quality of life for people who live in, work in or visit Fife. Over the next ten years, we have committed to putting people and communities at the heart of everything we do. Increasingly our service offer will include a large component of digital provision, catering for both direct needs and also to ensure we make the best of the knowledge and resources available to us.

Maintaining Our Assets

In order to maintain or improve service provision it is imperative that we recognise the need to invest in our significant existing assets to ensure they remain viable and sustainable. With this in mind, there are further key investment priorities as follows:

Property Estate

Fife Council has a strategic approach to property asset management. Over a number of years the Council has made significant changes to the way it works through its office rationalisation and mobile & flexible working programmes. Substantial investment has also been made in schools, care facilities, sport & leisure centres, and community facilities that support the delivery of council and partnership outcome priorities. Over the same period significant investment has been made in improving the condition and number of affordable homes in Fife.

While much has been achieved, the Council still has a large and ageing estate and we need to continue to innovate and manage change in the way we develop new approaches to the governance, coordination and use of assets so that we make best use of our resources and support delivery of outcome priorities. To help meet these objectives a new Property Strategy was approved in January 2018 with the vision of:

“A future where we use our land and property assets to deliver better outcomes, empower communities and leverage economic stimulus.”

Our Property Strategy is underpinned by four strategic objectives:

- We will have a smaller network of modern fit for purpose, integrated community and operational facilities that are sustainable, energy efficient and maintained to a high standard.
- We will continue to invest in assets and facilities that support the delivery of our policy priorities, make it easier for our customers to access the services they need, and add value to our communities.
- We will make it easy for our customers to access the services they need and empower our staff to work more flexibly and efficiently in terms of frontline service delivery.
- We are looking at new ways of working and empowering our communities, that recognise demographic changes and evolving customer expectations as well as the need to better engage with our communities on the planning, design, delivery and co-production of services.

Changing planning and building control regulations alongside innovation in material and changing building design fashions will be included within the delivery of the strategy. These changes support environmental and safety concerns and can ensure that buildings are fit for future use. Likewise because the Council has a large and aging estate it is recognised that we need to continue to innovate and manage change in a way that develops new approaches to the governance and coordination of our assets so that we make best use of resources and support delivery of outcome priorities. For major expenditure, this could involve use of techniques like whole life costing that recognise the revenue and other implications of investment decisions.

Maintaining Our Assets

Cemeteries & Crematoria

Fife Council has a legal responsibility to provide and regulate cemeteries and make appropriate provision for the care and disposal of the deceased. Our investment priorities include:

- Ensuring that our cemeteries are safe, well looked after and provide fitting places for remembrance and contemplation; and,
- Ensuring that we have adequate cemetery capacity and that our well-used crematoria remain fit for purpose.

Technology

Technology now pervades and underpins everything we do and demands have never been higher for reliable, usable, trusted and innovative digital public services and infrastructure.

Our strategy and approaches to technology and digital investment seek to right-size and optimise our investments, through a continual focus on ensuring we can deliver the widest possible benefits, while also harnessing opportunities which deliver change at a local level.

We will also invest to ensure that current digital infrastructure and services can be maintained, supported, upgraded and protected and that old or obsolescent technology can be retired or replaced.

Our strategy recognises the need to remain adaptable to ensure that new opportunities from technological change can be quickly evaluated and harnessed where they can improve outcomes for those who visit, live, work or learn in Fife.

Fleet and Equipment

In line with Scottish Government commitments, in Fife we are committed to the decarbonisation of our road transport fleet by 2050. All sales of new petrol and diesel cars will cease in Scotland by 2032 and 2040 in the UK.

Over the last few years we have made significant changes to the size and management arrangements for our fleet of vehicles. We have also invested in new sustainable vehicles to include hydrogen, electric and hybrid powered vehicles.

Our strategy for managing our Fleet going forward includes:

- We will have a smaller fleet of modern fit for purpose vehicles that are energy efficient and maintained to a high standard.
- We will maximise vehicle utilisation and promote environmentally responsible practices to reduce fuel consumption and carbon footprint.
- We will continue to invest in low carbon vehicles and other technology that will make our fleet sustainable into the future.

The Council also owns and operates a significant amount of plant and equipment (some of which is high value) which requires to be maintained and replaced on a scheduled basis.

Maintaining Our Assets

Roads and Transportation

Fife's roads & transportation infrastructure is critical to supporting the daily lives of our communities, delivering a thriving economy and contributing to Fife's connectivity and built environment. Effective asset management and maintenance of this significant infrastructure is a statutory duty. Our asset management strategies support sustained capital investment in our roads & transportation infrastructure and continued funding is essential to preserve the sustainability of the transport infrastructure and enhance community safety. These cover the following key investment priorities:

- Roads Infrastructure: (maintenance of carriageways, footways & drainage) Projects to sustain network condition and prevent growth of road defects.
- Structures Infrastructure: (maintenance of bridges & retaining walls) Key replacement or strengthening projects on critical elements of the transportation network.
- Street Lighting: (column replacement) Following a period of investment, further investment is now required to replace out of date lighting columns.
- Traffic Management & Road Safety: Local road projects improving road safety, reducing congestion, tackling parking problems and reducing traffic speeds.

- Sustainable Transport: (new cycling infrastructure) It is both the Scottish Government's and Fife Council's objective to move the modes of travel away from the car and towards cycling & walking and support carbon reduction.
- Harbours & Piers: Maintenance of critical marine Infrastructure supporting Fife's tourism and fishing industries.



Hydrogen powered waste collection vehicles added to fleet.

Funding Strategy

The level of investment that the Council will commit to going forward will be planned through the biennial Capital Investment Plan review and will be developed in line with the key investment priorities set out in this strategy, our Medium Term Financial Strategy and our Treasury Management Strategy. Consideration around eligibility, governance, affordability and sustainability will be incorporated into the review. Key elements of the review will include:

Capital Expenditure

The Capital Investment Plan will contain planned capital investment relating to the acquisition and enhancement of significant Fife Council assets including land, buildings and equipment which will be used for more than one financial year and will contribute to outcomes referred to in this strategy.

Investment will need to remain affordable and in this context will be prioritised to deliver the best possible outcomes in line with the strategy.



Waid Community Campus

Funding Strategy

Funding the Capital Investment Plan

We will develop a funding strategy that will determine the affordable level of investment over the ten year period. The funding strategy will determine how the investment will be funded. The plan will continue to be subject to review on a biennial basis.

There are a number of sources of funding which can contribute to financing the Capital Investment Plan. When preparing the ten year capital plan a number of assumptions will be made in relation to each of the possible funding streams:

- General and Specific Capital Grants from Scottish Government.
- Capital Receipts.
- Contributions from Revenue budgets.
- Borrowing.
- Other innovative funding sources including Tax Incremental Finance and City Region Deals.
- Reserves.

Each time the Capital Investment Plan is reviewed we will assess the level of funding available compared to the investment needs. The Capital Investment Plan must remain fully funded throughout its lifetime and be evidenced to be affordable and sustainable. In order to assess future affordability, the review will include long term analysis to ensure that the financial consequences of the plan are fully understood.

The associated borrowing requirement will be calculated and the impact will be reported in the Treasury Management Strategy alongside the prudential indicators annually.

During the biennial Capital Investment Plan review, consideration will specifically be given to the overall affordability and costs of borrowing. This will be assessed in conjunction with the Council's Medium Term Financial Strategy and the revenue budget process. Careful consideration of phasing and financing capital expenditure will be given during this process to ensure that the Council can continue to operate affordable levels of borrowing, maximise our grant levels and contain costs at a sustainable level. Controls around the level of borrowing will be assessed and agreed. We will also consider the impact on the Council's balance sheet in relation to liquidity and sustainability.

Currently, the cost of servicing outstanding debt represents 8% of the Council's revenue income. This is predominantly a fixed cost, given the long term nature of borrowing, and needs to be understood in the context of reducing revenue resources and a financially challenging environment.

The review will also consider the running costs associated with Capital Investment. The Council's Medium Term Financial Strategy states that Services themselves must make budget provision for these costs. This will form part of the affordability assessment carried out as part of the review.

Funding Strategy

Changing Nature of Financing

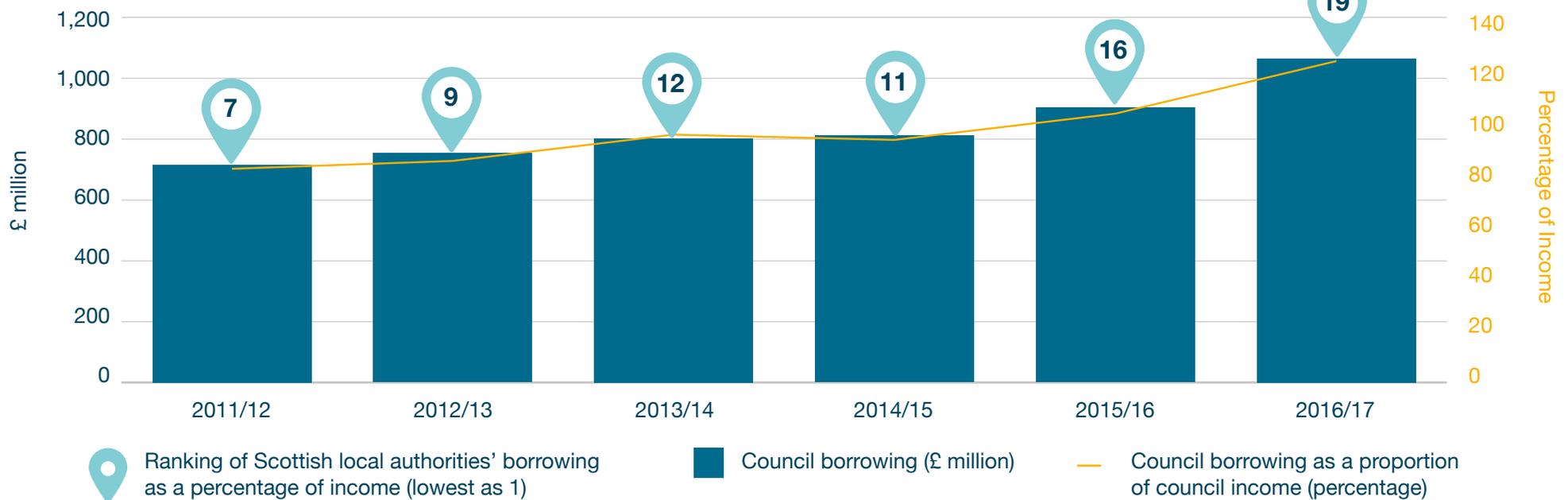
In recent years capital grant from the government has been reducing whilst external borrowing has been increasing. The continuation of this trend could place further burden on revenue costs at a time when revenue resources are also shrinking. This will be carefully managed and controlled.

Capital funding for the Council comes from government grant, borrowing, capital receipts, contributions from revenue budgets and external funding. With limitations on available resources, other

innovative funding methods will continue to be considered and evaluated for the delivery of this strategy, examples to date would include Tax Incremental Financing, City Region Deals and some of our specific grant funding.

There may also be commercial opportunities in the future that involve capital investment and these will be assessed on their own merit and in the context of this strategy. Any such investment will require a robust business case and be subject to the Council's normal governance arrangements and must be proven to be affordable and sustainable.

Debt • Relative to income, the council's level of borrowing has increased over 5 years



Funding Strategy

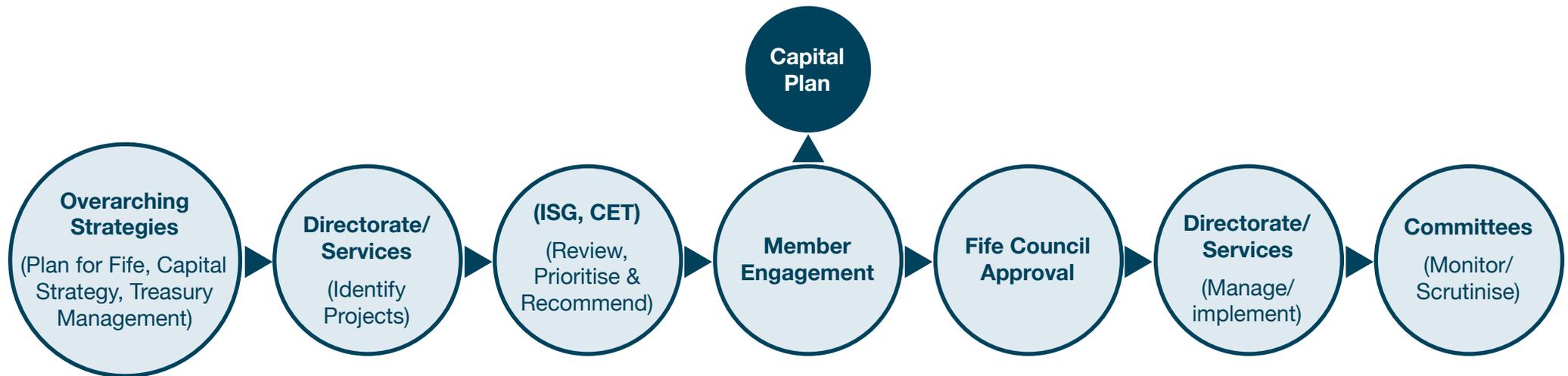
Risks

There will be risks inherent in the Capital Investment Plan and we will assess these as part of the planning process. We will assess both strategic and financial risks including uncertainty of funding, inflation, interest rate risk, and exchange rate risk in uncertain economic times. This will ensure that future financial consequences are understood and risk is managed. Following our review of risk, a recommendation will be made in relation to the planned level of funding to provide for future risk.

We will also factor in an assessment of future maintenance costs and liabilities associated with the assets currently in our control, namely around our property estate and roads and transportation infrastructure.

Governance

Figure below summarises the arrangements through which the Capital Strategy will be governed.



The Capital Strategy will be reviewed in line with the timing of future updates to the Plan for Fife to ensure it remains aligned to Council priorities.

Associated Strategies and Plans



Fife Council Capital Strategy 2019-2029

The information included in this publication can be made available in large print, braille, audio CD/tape and Gaelic on request by calling 03451 55 55 00.

Language lines	
Arabic	خط هاتف اللغة العربية: 03451 55 55 77
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