

# Quick guide

## Strategic Capital Investment Framework

### Introduction

The Strategic Capital Investment Framework (SCIF) is the Welsh Assembly Government's new approach to capital expenditure, established in line with the commitment made in the *One Wales*<sup>1</sup> document to:

...establish a Strategic Capital Investment Board to ensure that best use is made of capital funds and to develop all opportunities to access capital finance consistent with an accountable, citizen-centred public service.

Prior to the SCIF the *Firm Foundations*<sup>2</sup> policy set out the Welsh Assembly Government's capital investment plans for 2006-07 to 2008-09.

### Strategic capital investment Board

The Minister for Finance and Public Service Delivery (Andrew Davies) established the Strategic Capital Investment Board (SCIB),<sup>3</sup> to take decisions on investment proposals and oversee the delivery of significant capital investment programmes. Chaired by the Minister for Finance and Public Service Delivery the board includes: the First Minister, the Deputy First Minister, the Minister for Children, Education, Lifelong Learning and Skills, the Minister for Health and Social Services and the Deputy Minister for Housing.

The SCIB also established a Strategic Capital Investment Panel<sup>4</sup> to provide expert and independent advice to assist the board to make the best investment decisions when allocating the capital funds. The panel consists of seven business professionals with Welsh economic experience, private capital and corporate finance expertise.

### Terms of reference

The Terms of Reference<sup>5</sup> for the Strategic Capital Investment Board were established during the first meeting in April 2008.

The Strategic Capital Investment Cabinet Committee will:

1. Agree and monitor the delivery of the Welsh Assembly Government's Strategic Capital Investment Plan, which will set the overarching capital delivery priorities from *One Wales* and will be endorsed by Cabinet.

<sup>1</sup> [One Wales: A progressive agenda for the government of Wales \(June 2007\)](#). [as at 26 March 2009]

<sup>2</sup> Welsh Assembly Government capital investment plans for 2006-07 to 2008-09: [Firm Foundations](#) [as at 26 March 2009]

<sup>3</sup> Welsh Assembly Government, Andrew Davies (Minister for Finance and Public Service Delivery), [Strategic Capital Investment Framework, Cabinet \(Written\) Statement, 12 May 2008](#) [as at 26 March 2009]

<sup>4</sup> Welsh Assembly Government, Andrew Davies (Minister for Finance and Public Service Delivery), [Appointment of the Strategic Capital Investment Panel](#), Cabinet (Written) Statement, 17 September 2008 [as at 26 March 2009]

<sup>5</sup> Welsh Assembly Government Strategic Capital Investment Cabinet Committee: [Item 1 - Terms of Reference](#) (14 April 2008)

2. Ensure capital investment decisions support the Assembly Government's strategic priorities as reflected in the Strategic Capital Investment Plan.
3. Promote the delivery of cross-cutting initiatives which deliver wider sustainable economic, social and environmental benefits for Wales and reflect the Spatial Plan principles by encouraging collaborative and cross-departmental capital investment programmes/projects.
4. Allocate the resources of the Strategic Capital Investment Fund to obtain the maximum value and benefit for Wales by ensuring projects approved can be delivered efficiently to time and budget and maximise appropriate opportunities for leveraging in resources from non-traditional routes of investment.
5. Commission expert advice on investment proposals from the Strategic Capital Investment Panel as appropriate.

## Five-case model

During the Finance Committee's scrutiny of the Draft Budget 2009-10, the Minister for Finance and Public Service Delivery (Andrew Davies) stated that when considering allocation of capital investment, the SCIB use a five business case model. The model was explained in a letter from the Minister for Finance and Public Service Delivery to the Chair of the Finance Committee, on 2 December 2008<sup>6</sup>:

The Five-Case Model is an approach to preparing business cases for investment, pioneered by the Assembly Government. In particular, it forms a core element of Strategic Capital Investment Framework. Under this approach, the business case consists of five elements.

- **The Strategic case: strategic fit**  
The strategic case describes the initiative, programme or policy and explains how it fits with the strategic aims and objectives of the Welsh Assembly Government.
- **The economic case: options appraisal**  
The economic case identifies and evaluates as wide a range of options as possible that meet the objectives set out in the Strategic Case. This section includes cost/benefit analysis, assessment of sensitivity to risk and value for money assessments.
- **The financial case: affordability**  
The financial case identifies the total whole life and net costs of the investment, as well as the sources of funding that will be used to support it, and considers affordability.
- **The commercial case: commercial aspects**  
The commercial case considers the implications of the potential procurement options and sets out the rationale and commercial arrangements associated with the chosen procurement route.
- **The management case: achievability**  
The management case demonstrates that the project is achievable by setting out how it will be managed over the lifetime, including project management arrangements, the need to secure appropriate and timely approvals, contract and risk management, audit processes and how lessons learnt will be captured.

## Strategic Capital Investment Framework Projects

The Minister for Finance and Public Service (Andrew Davies) announced in his statement on the Final Budget 2009-10<sup>7</sup> details of the first tranche of projects under the SCIF. The first portion of

<sup>6</sup> Finance Minister's letter to the Chair of the Finance Committee (2 December 2008). [FIN\(3\)-01-09: Paper 1: WAG response to the draft budget report](#) [as at 26 March 2009]

<sup>7</sup> [Welsh Assembly Government, Andrew Davies, Minister for Finance and Public Service Delivery, Final Budget 2009-10, Cabinet \(Written\) Statement, 2 December 2008](#). [as at 26 March 2009]

the framework consists of 19 capital projects or programmes which have been spread across six strategic themes.

The table below provides an outline of the 19 projects planned and the total amount allocated for each. These schemes were announced in the [Final Budget 2009-10 statement](#), together with indicative allocations over three financial years (2008-09 to 2010-11). In addition, the [Explanatory Document accompanying the Supplementary Budget 2008-09](#) (page 6) provided details of SCIF allocations already made during the financial year 2008-09.

**Table 1: SCIF projects announced in the Final Budget 2009-10, December 2008 (a)**

		<i>£ millions</i>		
Strategic Theme	Project	Total allocation in Final Budget 2009-10 Statement <sup>(b)</sup>	Allocation in supplementary Budget 2008-09	Per cent allocated in 2008-09
Regeneration	Affordable Housing across Wales	42.0	15.0	35.7%
	Low carbon region in Heads of Valleys	12.0	4.0	33.3%
	South East Wales Shared Services project	10.0	0.0	0.0
	New all-Wales cultural heritage initiative	2.0	0.2	10.0%
Positive Lifestyle	Health Vision Swansea	70.0	6.8	9.7%
	Improvement of primary healthcare across Wales	16.0	0.0	0.0
	Health and Wellbeing centre – Merthyr Tydfil	8.0	0.0	0.0
Climate Change	Pan-Wales network of anaerobic digestion waste treatment plant.	4.0	0.0	0.0
	All Wales low carbon building programme	26.0	2.0	7.7%
	Wood energy schemes incorporated in all projects (were appropriate)	..	..	..
<i>£ millions</i>				
Strategic Theme	Project	Total allocation in Final Budget 2009-10 Statement <sup>(b)</sup>	Allocation in supplementary Budget 2008-09	Per cent allocated in 2008-09
Sustainable Transport	Enhancements to rail infrastructure	27.0	1.0	3.7%
	Double rail track between Gowerton and Loughor	20.0	0.0	0.0
	A465 Duelling	9.0	0.3	3.3%
Resilience	All-Wales pandemic flue preparedness	59.0	11.3	19.2%
	Creation of hazard area response teams	3.0	0.0	0.0
	Flood/coastal defence improvements	8.0	0.0	0.0
Skills development and the knowledge economy	School Building Improvement Capital Grant	..	9.1	..
	<i>including projects in Wrexham, Newport and Blaenavon</i>	24.0	..	..
<b>Overall Expected Investment from SCIF</b>		<b>350.0</b>	<b>49.7</b>	<b>14.2%</b>

Source: [Final Budget 2009-10 Statement](#), [Supplementary Budget 2008-09 \(Explanatory Document\)](#) and Members' Research Service calculations

(a) note the sum of all allocations do not equal the total SCIF investment due to rounding.

(b) Intended to be allocated over the three year period 2008-09 to 2010-11

.. not available

## Further information

For further information on aspects of the Strategic Capital Investment Framework, please contact Jenny King, Members' Research Service ([Jennifer.King@Wales.GSI.Gov.UK](mailto:Jennifer.King@Wales.GSI.Gov.UK))

## Useful links

For further information on the topics below, double click on the links.

Welsh Assembly Government [Final Budget 2009-10 statement](#) (December 2008)

Welsh Assembly Government: [Explanatory Document to the Supplementary Budget 2008-09](#) (March 2009)

Welsh Assembly Government: [Strategic Capital Investment Framework](#) (written statement) (May 2008)

Welsh Assembly Government capital investment plans for 2006-07 to 2008-09: [Firm Foundations](#)

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