
Meeting: General Purposes Committee
Date: 16 May 2013
Subject: Capital Programme Management
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report seeks the General Purposes Committee's views on a number of proposed amendments to the Constitution in respect of the management of the Council's Capital Programme.

Advising Officer: Charles Warboys, Chief Finance Officer
Contact Officer: Mel Peaston, Committee Services Manager
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

This proposal supports the Central Bedfordshire Council priority of providing value for money by ensuring that the Council manages the investments made by means of the capital programme in an efficient and effective manner.

Financial:

1. There are no financial implications arising from this report. The aim of the amendments is to simplify the approval of capital schemes, in order that the Capital Programme can operate more efficiently.

Legal:

2. The Constitution sets out how the Council will conduct its business. It is the responsibility of the General Purposes Committee to make recommendations to the Council on any proposed significant changes to the Constitution.

Risk Management:

3. Not Applicable.

Staffing (including Trades Unions):

4. Not Applicable.

Equalities/Human Rights:

5. There are no Human Rights/Equalities implications.

Public Health

6. Not Applicable.

Community Safety:

7. Not Applicable.

Sustainability:

8. Not Applicable.

Procurement:

9. Not applicable.

RECOMMENDATION:

That the General Purposes Committee consider recommending to Council that the Constitution be amended as set out in Appendices A and B.

Background

10. Over recent months officers have been developing the Council's capital programme management procedures and processes with an emphasis on:
 - (a) creating a capital strategy clearly linked to the MTP, MTFP and directorate service plans,
 - (b) improving the procedures for revising the capital programme,
 - (c) identifying a long-list of capital projects for inclusion in the corporate capital programme,
 - (d) supporting improvements in the management and delivery of capital projects, and
 - (e) enhancing the monitoring procedures for capital projects.
11. This Committee on 28 January 2013 recommended to Council an amendment to the Constitution (para 4.10.9 on Appendix A) to allow the inclusion in the capital programme of specific reserve list items, previously approved by Council.
12. Corporate project documentation has been revised and tested to support the approval and management of all revenue and capital projects across the Council. The documentation relevant to project approval largely reflects the existing requirements of the Constitution and aims to clearly advise services on the requirements for scheme approval, the appropriate content of business cases and the need to identify and consult relevant stakeholders.

Proposal

13. In order to align the Constitution and the project approval guidance, Appendix A sets out the capital programme related clauses that are included in the Code of Financial Governance (Constitution part I2 section 4.10) with suggested minor revisions as agreed with the Chief Finance Officer and summarised below.

14. The definition of the capital programme is revised to make clear that it includes the current year and three future years. (Para 4.10.1)
15. The capital scheme groupings have been rationalised from four to three groups. Currently the categories are; Rolling Programme, Major scheme (over £500,000 Whole Life Cost), Intermediate (£60,000 to £500,00 Whole Life Cost) and Minor (under £59,999 Whole Life Cost). Although all the financial implications of a scheme are evaluated at the stage of options appraisal and business case development, the Council's annual financial governance process follows a rolling four year plan and approved budgets. The Constitution's governance requirements for Key Decisions are based on capital budget values of £500,000 and annual revenue budgets of £200,000. The approval thresholds and requirements for the implementation of capital schemes remain unchanged.
16. The scheme approval guidance referred to in paragraph 12 of this report follows the governance thresholds and requirements for Key Decisions. The three categories proposed are; Rolling Programme, Capital Scheme (budget £60,000 and above), Minor Capital scheme (budget £59,999 and below). There is no change to current approval levels as any schemes that have an estimated capital cost of £500,000 or above, that have not been approved through the annual budget process, must be approved by full Council. It is also proposed that elsewhere in the Constitution where the term Whole Life is currently used (Part C3 section 3) it should be amended to gross expenditure as set out in Appendix B to this report.
17. The amount of a capital scheme budget that can be approved for the development of a detailed Business Case is proposed to be increased from 5% to 10% (4.10.7 on Appendix A). Experience has indicated that the cost of design of certain schemes can require an allocation higher than 5% the approved capital budget.
18. Council on 21 February 2013 approved amendments to the Constitution (para 4.10.9 on Appendix A) to allow the inclusion in the capital programme of specific reserve list items, previously approved by Council. A minor change to this particular clause is proposed to make it clear that some items on the reserve list may reflect an expansion of an existing capital scheme not necessarily be a new scheme.
19. The amendments approved by Council on 21 February also allowed for the Executive to approve the inclusion in the capital programme of new schemes that cost less than £500,000 and all schemes that are to be funded in full from external sources. Amendments are proposed to make clear that Executive approval is required where the gross expenditure cost of a fully externally funded scheme exceeds £500,000. The amendment to para 4.10.11 on Appendix A allows for fully externally funded schemes below the £500,000 gross expenditure threshold to be included in the Capital Programme following the approval of the relevant Executive Member in consultation with the relevant Director, Executive Member for Corporate Resources and the Chief Finance Officer, subject to the production of Outline and Detailed Business Cases.
20. The procedures that apply where variations from the Detailed Business Case occur (4.10.12 on Appendix A) are proposed to be amended to make them clearer without changing the existing financial thresholds for approval.

Conclusion and Next Steps

21. The Committee is asked to consider these matters and determine the appropriate way forward.

Appendices:

Appendix A - Proposed amendment to Part I2 section 4.10 of the Constitution

Appendix B – Proposed amendments to Parts Part C3 section 3 of the Constitution

Background Papers: None