

I2 CODE OF FINANCIAL GOVERNANCE

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4.10 Capital Programme:

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4.10.1 Investment in capital assets shapes future service delivery and creates future financial commitments. The Capital Programme is a four-year programme, including the current budget year, of estimated capital expenditure and associated funding. The Full Council will approve a Capital Programme each year, recognising that approving initial estimates is the first stage in the process of progressing a proposed scheme to implementation. Estimates produced at this stage will be liable to change.

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4.10.2 The Executive will receive budgetary proposals for inclusion in the Council's Capital Programme and will submit a proposed programme to the Full Council for approval. The programme will include all capital schemes including those proposed to be financed from revenue resources or external funding sources.

4.10.3 Capital Schemes will be grouped into three main categories:

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- Rolling Programmes;
- Capital Schemes (gross expenditure budget £60,000 and above);
- Minor Capital Schemes (gross expenditure budget, £59,999 and below).

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4.10.4 Outline Business Case

All categories of capital projects will require an Outline Business Case in order to be considered for inclusion in the proposed Capital Programme. An Outline Business Case will normally have best estimates of capital and revenue costs, timescales, and deliverables. Outline Business Cases will be approved by the relevant Executive Member in consultation with the relevant Director, the Executive Member Corporate Resources and the Chief Finance Officer.

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4.10.5 Detailed Business Case

A Detailed Business Case will have fully validated costs (including ongoing revenue costs), timescales, deliverables and where necessary an exit strategy. The process for approving capital schemes for subsequent implementation will be different according to their category and is explained in paragraphs 4.10.6 to 4.10.11, below.

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4.10.6 Rolling Programmes

Rolling programmes in the Council's Capital programme are largely concentrated on infrastructure and asset improvement and maintenance.

After a Rolling Programme has been approved by the Council for inclusion in the Capital Programme, a single Detailed Business Case will be produced for the whole programme before it proceeds. [The detailed Business Case should be updated annually.](#)

The Detailed Business Case and release of capital expenditure will be approved by the relevant [Executive Member](#) in consultation with the relevant Director, the [Executive Member for Corporate Resources](#) and the Chief Finance Officer.

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4.10.7 Capital Schemes ([gross expenditure budget £60,000 and above](#))

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After a Capital Scheme has been approved by the Council for inclusion in the Capital Programme, a Detailed Business Case will be produced for the scheme. Executive [approval to implement](#) will be required for [schemes with a gross expenditure budget exceeding £499,999. Schemes with a gross expenditure budget above £59,999 but below £500,000 can proceed with the approval of the relevant Executive Member in consultation with the relevant Director, Executive member for Corporate Resources and the Chief Finance Officer.](#)

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For Capital Schemes, some further costs may need to be incurred to take a project up to Detailed Business Case stage. The relevant [Executive Member](#) in consultation with the relevant Director, [the Executive Member Corporate Resources and the Chief Finance Officer](#) can authorise expenditure up to a level of [10% \(not to exceed £60,000\) of the approved gross expenditure budget](#) at this stage to enable a Detailed Business Case to be produced. The revenue budget of the applicable directorate will meet these costs if ultimately the scheme does not proceed for any reason.

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4.10.8 Minor Capital Schemes ([gross expenditure budget £59,999 and below](#))

A Detailed Business Case is not required for these schemes and Minor Capital Schemes in this range can proceed with the approval of the relevant [Executive Member](#) in consultation with the relevant Director, [Executive Member for Corporate Services and the Chief Finance Officer](#).

4.10.9 In year, the Executive may approve [expenditure on](#) Capital Schemes that have not previously been included in the Capital Programme, but which [were](#) included in the [Reserve list approved by Council when setting the Capital Programme](#) or [are schemes with gross expenditure budgets exceeding £499,999](#) which are to be funded in full from external sources. [Approval is](#) subject to the production of Outline and Detailed Business Cases and [confirmation](#), that the revenue cost of such schemes can be accommodated from within the approved revenue budget for the Capital Programme in the relevant financial year, as confirmed by the Chief Finance Officer and the Executive Member for Corporate Resources.

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4.10.10 In year, the Executive may approve expenditure on new Capital Schemes estimated to cost less than £500,000 net of external funding that have not previously been included in the Capital Programme, subject to the production of Outline and Detailed Business Cases. New Capital Schemes estimated to cost more than £500,000 net of external funding must be approved by Full Council if not previously included on the Reserve List.

4.10.11 Schemes that are fully externally funded and where the gross expenditure budget is less than £500,000 can be included in the Capital Programme with 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.

4.10.12 Variations from the Detailed Business Case

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Where there are variations in the net costs of capital schemes compared with the provision in the Detailed Business Case, additional costs will be approved in accordance with the following conditions:-

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Existing Scheme - <u>net capital budget - Additional Costs</u>	Approval Powers
Up to <u>10% of the approved net scheme budget subject to a maximum value of £25k</u>	Relevant Executive Member and relevant Director <u>and Chief Finance Officer</u>
Up to <u>25% of the approved net scheme budget subject to a maximum of £100,000</u>	Executive
<u>Over 25% of the approved net scheme budget or over £100,000</u>	Council

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Where additional costs are agreed, the relevant Executive Member in consultation with the relevant Director will seek compensatory savings.

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4.10.13 The Chief Finance Officer will report to the Executive on the monitoring of the approved Capital Programme, including: expenditure and income to date; projected expenditure and income and approved variations.

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