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## **Governance Committee: Governance of the Capital Programme**

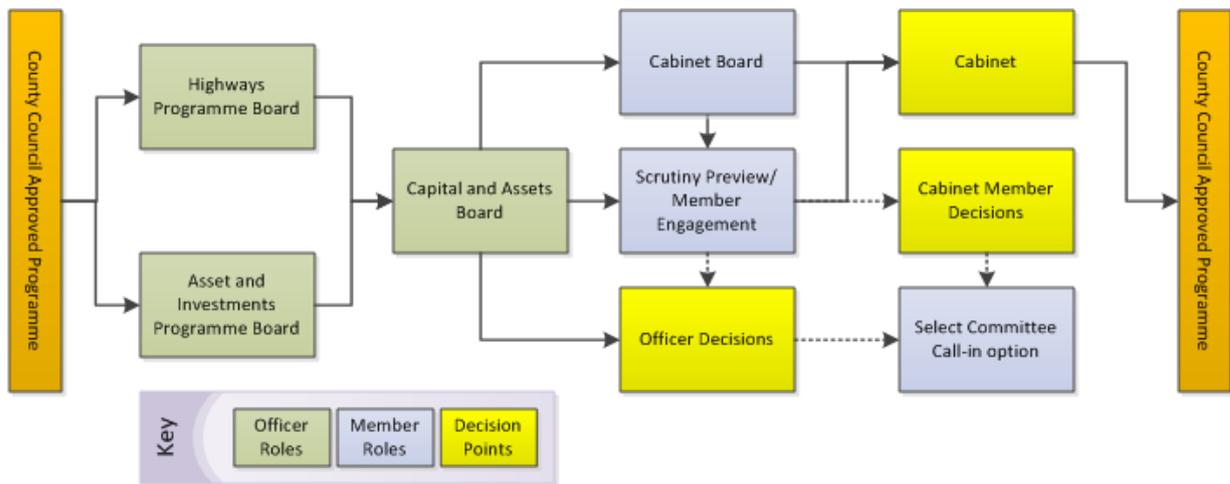
### **Background and context**

- 1** Since the capital governance for a five-year rolling capital programme was approved in December 2015, it has been implemented across all capital programmes and projects.
- 2** Experience of the last three years has led to some proposals for change in order to improve the efficiency and transparency of the capital approvals process in the following areas:
  - New projects fully funded from external sources – it is proposed that, where new projects are funded entirely from external sources (grants/S106), their inclusion in the current year programme may be approved by Cabinet Member/officer decision in accordance with current and approved capital governance thresholds.
  - Block Allocations – where routine asset management programmes are marked as 'Block Allocations' approval will be presumed to have been by County Council decision in approving the five-year capital programme.
  - Grant Allocations – where programmes are marked as 'Grant Allocations' approval will be treated as having been by County Council decision in approving the five-year capital programme.
- 3** The proposals clarify decision-making and member involvement. The starting point is a sufficiently long-term programme to enable planning and investment over a number of years. The programme is reviewed for more detailed approval by the County Council each year at the budget meeting. There is also a need to show how decisions are made in year to implement the approved plan and to respond to developments and manage change.
- 4** The individual elements of the programme will continue to be informed by Strategic Outline Cases (SOCs), describing the purpose of a scheme, the options to achieve it, its value, and delivery mechanism. The SOC will lead to a more detailed Full Business Case and seek approval for implementation. Approval will also be sought for any changes to a project's scope or overall budget. For significant and high value projects and changes, member approvals are sought. For lower value or less significant changes, senior officers decide within agreed limits previously approved by the Council.

### **Proposal**

- 5** An established officer governance process receives and considers proposed business cases and changes at service-based 'Programme Board' meetings. A standard model for business cases will be used, streamlined for less complex projects.
- 6** All projects will have a business justification through the SOC. These will be presented for approval by the relevant Cabinet Member for inclusion in the process of prioritisation by the Cabinet each year ahead of recommendation to the Council for approval of the programme. Individual projects may as usual be considered by select committees. The chart below describes both the

development of the overall rolling programme each year and the decisions to implement the approved programme during the year:



- 7 Once the overall capital spend and programme are approved by the County Council, a Full Business Case will be produced for each project for approval of capital funding to implement them. A quarterly report on the capital programme will be published in the Members' Information Service newsletter and linked to the Members' Information Network database.
- 8 The officer governance is supported by a set of tools and procedures set out in the Capital Programme Handbook, which defines the process for getting schemes approved and managing change.

### Block Allocations and Grant Allocations

- 9 As well as the large schemes and development projects that make up much of the capital programme, there will be routine investment in the core business of the Council and grant allocations for community groups to bid for funding.
- 10 Programmes managed through Block Allocations will be approved by the County Council on the basis of their outline case and budgeted for through asset management plans. They will include programmes of property and highways asset maintenance, fleet and equipment asset replacement and other comparable projects. The planning and implementation of Block Allocations will be delegated to the relevant Executive Director or Director.
- 11 Programmes of Grant Allocations will be approved by the County Council on the basis of their outline cases and delegated to an identified member or officer to make awards in accordance within the agreed process set out

### Change management

- 12 All significant or cross-portfolio changes will be taken through the Total Performance Monitor and published as Cabinet Member decisions in accordance with their portfolio. It is proposed that changes that fall within paragraph 14 below be dealt with through officer delegated powers.

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- 13** Review of the capital programme performance management is part of the core business of the Cabinet Board and the Performance and Finance Select Committee each quarter.

#### **Officer delegation**

- 14** The Executive Director Economy, Infrastructure and Environment has authority to take decisions relating to the approved capital programme and its implementation, in consultation with the Director of Finance, Performance and Procurement. These include virement between budgets and increases or decreases within a tolerance. Changes to the scope or the timing of a scheme's implementation will also inform decision making. The scope of delegation to the Executive Director is limited to:
- (i) Where the level of investment or variation is no more than 5% of the total project cost or no greater than £250,000; or
  - (ii) Where, not fitting within (i), the level of investment or variation is no more than 10% of the total project cost or no greater than £500,000 the Cabinet Member will be consulted before the decision is made; and
  - (iii) Where the decision has not previously been marked by the relevant Cabinet Member for decision by the Cabinet Member; or
  - (iv) Where the matter has been the subject of previous Cabinet Member decision delegating further decisions to the Executive Director; or
  - (v) Where the relevant Executive Director, in discussion with the Cabinet Member, does not consider the matter to be politically sensitive and so the use of officer delegation would be appropriate.
- 15** Where a scheme is subject to more than one change in any financial year these will be considered cumulatively for this purpose.

#### **Recommended**

That changes for clarification of the governance of the capital programme, as set out in the report, be approved.

#### **Lionel Barnard**

Chairman of the Governance Committee

**Contact:** Matt Hall 033 022 22539

#### **Background Papers**

None