Development of the 2018/19 – 2022/23 Capital Programme

The Council conducts a Capital Planning an annual Budget setting process which covers a 5 year horizon.

The key activities are set out below:

Capital Programme - Overview of Process	
August	Services review need and submit new bid proposals supported by Outline Business Case and signed off by portfolio holder
September	New bids for capital schemes received (incl. CIL – currently co-ordinated by Palnning)
October	Review and Prioritisation of existing Programme and New Bids, Affordability Envelope reviewed and set
November	Scrutiny by SMB, IRC through Budget Task and Finish Group
December	Draft 5 year Programme submitted to cabinet
February	Final Capital Plan Programme submitted to Cabinet for consideration and recommended to Council for approval

Key features of the process are:

In considering schemes for inclusion in the capital programme, regard must be given to the following principles:

- schemes to be included in the Capital Programme should follow an appropriate level of due diligence and assurance regarding deliverability/practicable
- Every major project requires a full business case using the standard template to be prepared and submitted and approved by Cabinet before any authorisation to spend can be given
- prior to mobilisation, all projects should be supported by an affordable and sustainable plan, including carefully consideration of value for money and options appraisal
- capital appraisal should promote schemes which provide a direct gain to the council's revenues within agreed risk appetite, e.g. council tax and business rate growth, commercial investment return, "invest to save" outcomes
- environmental and social sustainability issues should be built into project appraisal
- the financial implications of capital investment decisions will be properly appraised as part of the determination process
- available resources will be identified for investment over the capital planning period
- available capital funding will be optimised e.g. through surplus asset disposal strategy, maximising use of planning gain, by corporately pooling capital receipts and by exploring external financing sources
- that capital funding decisions minimise or mitigate the ongoing revenue implications of capital investment decisions
- the financial implications of capital investment decisions should be fully integrated into revenue budget and longer term financial plans

- robust governance arrangements are in place for all programmes and projects, clearly defining responsibility for the delivery of individual schemes within the capital programme
- all capital schemes follow appropriate project management arrangements
- there are effective working relationships with partners
- that projects are reviewed on completion to ensure key learning opportunities are maximised

Schemes may also be submitted to be added to the ‘Capital Pipeline’. These will be of a large scale and likely to require feasibility work before a full business case can be prepared and the cost of the scheme calculated with any degree of certainty. Feasibility cost are largely revenue by nature and to that end revenue budget is set aside within the MTFS to cover these costs.

The overall affordability of the Capital Programme (the Capital envelope) is determined looking at available reserves, future capital receipts, CIL and s106 income, grants, and use of revenue reserves.

The Council has adopted a default position of zero borrowing and so the capital programme must be affordable within the envelope.

If the programme exceeds the envelope, schemes with a lower prioritisation score need to revisited and potentially removed from the programme.

Once a balanced position is reached, the Programme is submitted

1.1 **Prioritisation**

Once a scheme was ready for submission as an addition to the Capital Programme, it was reviewed and prioritised alongside all new bids and uncommitted spend within the existing programme. Each scheme is initially prioritised using a score based on the benefits it brings in terms delivery of corporate priorities, and the relative complexity of delivery. Portfolio holders and relevant senior officers reviewed each of the schemes within that portfolio.

The following criteria were taken into account when adjusting and prioritising the current programme and new bids in order to close any gap to the available resources:

a. Reductions from the previous programme
b. Ring-fenced funding, e.g. S106 or genuinely ring-fenced grants (i.e. no call on Council resources)
c. Strong financial business case, i.e. the savings arising from the investment will pay back the cost of the investment within 7 years (or less); or the capital receipt generated exceeds the cost of the investment.
d. Statutory requirement (including Health & Safety)
e. Strategic Plan priority
f. Business Unit, Service Plan priority

Approval to spend on individual capital schemes will be in compliance with the Financial Regulations delegations and will only be given once procedural guidelines have been complied with and assessed to the satisfaction of the s151 Officer under the scheme of delegation.