

Report Title:	<b>Capital Programme Process</b>
Contains Confidential or Exempt Information?	No - Part I
Meeting and Date:	Infrastructure O&S
Responsible Officer(s):	Chris Joyce, Head of Infrastructure, Sustainability and Economic Growth
Wards affected:	All

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## REPORT SUMMARY

1. The capital programme sets out the councils plans to invest in new and existing assets. There is an annual process for submitting and reviewing capital bids and allocating funding to those projects.
2. The council recently set up a Capital Programme Board to provide advice on the capital programme, to ensure that capital investment is planned and delivered in an efficient and effective way. Further work is currently ongoing to improve the capital planning processes, including development of a gateway process and development of a pipeline of projects seeking to take advantage of future Government funding opportunities.

## 1. DETAILS OF RECOMMENDATION(S)

### RECOMMENDATION: That Infrastructure Overview and Scrutiny Panel:

- i) *Notes the report including the current process and future changes to update and improve them.*

## 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 This report is for information to assist the O&S panel in understanding the current capital programme process including prioritisation and funding as well as potential future changes to the process.

## 3. Background

- 3.1 The Capital Programme sets out the councils plans to invest in existing or new assets. This can include major projects to provide a new school, leisure centre or highway investment such as junction improvements. It can also include investments that will save money or generate revenue to pay for itself over a period of time. It also includes asset management and replacement (e.g. replacing an IT asset when it becomes obsolete).

3.2 Funding for capital projects can come from a number of sources, these include:

- **Capital Grants** – either general grants or specific grants towards specific projects e.g. highways and schools.
- **Developer Contributions** – towards the costs of local infrastructure stemming from new development. This includes S106 & Community Infrastructure Levy (CIL).
- **Partner Contributions** – Council partners may make a contribution towards the cost of capital projects.
- **Capital Receipts** – from the disposal of council assets.
- **Prudential Borrowing** – this enables councils to borrow to fund capital investment provided that it is affordable. This is largely undertaken through the Public Works Loan Board (PWLB). The debt financing costs are also met by the revenue budget.

3.3 There is an annual process for developing the capital programme which runs from July to February. This starts with a call for bids and is completed with the sign off of the budget by Council in February.. Each bid for funding is required to set out a description of the project and how it meets corporate policy or objectives. The bid also includes the measurable outcomes, consequences of not proceeding with the project and a brief description of the options considered.

3.4 Those projects which are entirely funded from external funds are classified as 'fully funded' bids. The remaining bids are collated by directorate, ranked and prioritised within the available funding envelope. As part of the process, CIL and S106 funding is allocated to projects with a view to minimising the need to borrow money to fund the programme.

3.5 A rolling three-year capital programme is approved by cabinet and council on an annual basis as part of the budget setting process. Annual routine maintenance and projects of less than £20k (the de-minimus level set by the council) are considered as revenue spending. Further details on this are in the draft Capital Strategy, which is included as an appendix to this paper.

3.6 To support the capital planning process, the council set up a Capital Programme Board. The board is an officer working group set up to provide advice and support in developing the capital strategy and programme. The terms of reference of the group are included as an appendix. The board has reviewed and developed the capital programme for 2021/22 which will be considered by Cabinet and Council in February 2021.

#### **4. Next steps**

4.1 As part of the process of reviewing and improving the capital programme process, a series of recommendations were agreed by the Corporate Leadership Team. These will be developed and considered by the Capital Programme Board with a view to implementing them into the planning process for 2022/23 onwards. Any processes will be proportionate to the size and scale of the project. The current proposals in development include:

- Restructuring the capital programme to align with corporate objectives and priorities rather than directorates and functions;
- A gateway process for projects so that they are reviewed at project initiation, preferred option and decision on delivery.
- Introducing a post project review process to ensure lessons are learnt from our major projects and benefits realisation is clear.
- Development of a pipeline of projects to enable the borough to take advantage of Government funding opportunities with 'shovel ready' projects.

## **5. Appendices**

5.1 This report is supported by two appendices:

- Draft Capital Strategy 2021/22-2025/26
- Capital Programme Board TOR