

CORPORATE GOVERNANCE

Extended Management Team

Extended Management Team (EMT), which comprises the Heads of each Service led by the Chief Executive, is the officer body for Capital Investment development and planning and is charged with bringing forward funded capital expenditure plans for approval by the Strategy and Resources Committee. The Committee considers capital expenditure and funding plans, monitors performance through a series of regular capital monitoring reports and recommends the annual Capital Programme to Council for approval.

All capital investment will be commissioned on the recommendation of the EMT which will enable any expenditure and its funding to be aligned with the Council's Capital Priorities and funding sources.

Approval of Capital Investment

Fundamentally, capital projects are approved on the principles of strategic fit, value for money, affordability and deliverability. Projects need to demonstrate value for money and that they are capable of being delivered within expected timescales.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (largely borrowing and leasing)

Within the Council, a concept for a potential capital project will originate from, or at least be 'owned' by the Head of Service. The 'owner' should prepare or direct the preparation of a Strategic Business Case (SBC) for the proposed project. The Strategic Business Case outlining the initial idea or 'concept' for a project should be submitted to EMT for consideration.

If EMT is satisfied that the proposal meets investment criteria, it will be given approval to progress to Stage 2 of the process – the completion of an Outline Business Case (OBC).

The OBC builds on the SBC providing more detailed information including the benefits that could be realised focusing on the links to the Council's Capital Investment Priorities and the proposed outcomes and may include several options to deliver the proposed benefits. The OBC will be submitted to the EMT for consideration, and if it is satisfied with the proposal will give guidance for the development of a preferred option.

Stage 3 of the process entails the completion of a Final Business Case (FBC) which will then be submitted to EMT for final consideration. Again, building on the OBC, the FBC will contain evidence of a:

- Full option appraisal;
- Detailed financial analysis of all costs/income including how the project is financially sustainable and that any adverse revenue implications can be dealt with within existing budgets;

- Robust delivery plan including how the chosen option delivers the highest impact in achieving the required outcomes with identified key project milestones enabling progress review. Included within the delivery plan should be proposed consultation arrangements, value for money assessment equality and environmental impact assessments;
- Risk assessment and that appropriate actions to negate these risks have been identified;
- Full exit strategy where the project involves a disposal; and
- Method of procurement that represents value for money.

Depending on the circumstances of the bid for resources, EMT has the discretion to vary the three-stage review process and omit one or more of the stages. Once Final Business Cases have been agreed, these bids will be prioritised against agreed criteria. The business case will be subject to peer review.

The results of this process will be presented to Members for approval each year as part of the capital budget setting process, or during the year if projects come forward outside the normal timeframe.

Service Challenge & Review, Efficient Use of Assets

With regard to the review of operational assets, the Asset Management Team and services continue to work closely with service managers alongside wider public and third sector partners to ensure that portfolios are best fit for purpose and efficient usage is maximised.

The Chief Executive and EMT will oversee any acquisition and disposal of land and property assets and monitors the progress of any corporate disposals and performance of the investment portfolio.

In terms of acquisition of property there is a specific process for this under Financial Regulation 17 to enable proposals to progress in year, with appropriate Member approval. Details of this are set out in the Investment Property Strategy.

Performance Monitoring of Capital Programme

The capital expenditure investment approach above is supported by a strong programme management process to ensure a coordinated corporate approach. This will ensure that investments are planned, managed and delivered prudently.

EMT has a remit to review the financial performance of the capital programme and it receives a monthly monitoring report. In addition, financial monitoring reports will be considered by Service Committees periodically throughout the year, together with a capital outturn report. Issues that have been considered and agreed at EMT can be reported to Service Committees as necessary via the regular financial monitoring reports.

Budget managers are responsible for monitoring expenditure throughout the financial year and provide forecasts against budget, commentary on variances and an assessment of deliverability and risk as part of the monthly capital monitoring process. Finance support budget holders to provide robust information that can be relied upon to take actions to mitigate overspends and make best use of Council resources to deliver intended outcomes.

The undertaking of the detailed annual review of the capital programme provides the opportunity to review all schemes or focus on specific areas of concern.

Where a potential cost overrun has been identified, EMT will explore possible solutions in detail. It will also consider any underspending or identified surplus resources which can be added to the central pool of resources. EMT may also suggest a reallocation of resources to other projects.

Where there is a delay in the commitment of programme/project resources, the EMT will require project managers to report the reasons for the delay and consider whether it would be appropriate to recommend the decommissioning of the project and the reallocation of un-ring-fenced resources to other projects.