City of Westminster

Audit & Performance Committee Report

Committee	Audit and Performance Committee
Date:	17th July 2017
Classification:	General Release
Title:	Update briefing note in respect of arrangements for management of the capital programme for both the General Fund and Housing Revenue Account
Wards Affected:	All
Key Decision:	Not applicable
Financial Summary:	The Council's current capital programme was approved by full Council in March 2017 covering the period 2017/18 to 2021/22. The general fund expenditure budget totals £2.130bn which is funded by £398.379m of external funding, £494.817m of capital receipts with a £1.237bn net funding requirement from 2016/17 to 2030/31. The Housing Revenue Account capital programme has a value of £701m over the next five years and was presented to Cabinet for approval on 12th December 2016.
Report of:	**Steven Mair**, City Treasurer

1. Summary

1.1. This report provides a briefing on arrangements that are in place and which are further developing to manage the Council's capital programme for the General Fund and Housing Revenue Account (HRA).

1.2. The paper covers the following:

- Current capital programme
- Capital budget analysis
- Improvements implemented and planned:
  - Budget setting process
  - Business cases
  - Programme Delivery Office
  - Governance

2. Current Capital Programme

2.1. The Council's current capital programme was approved by full Council in March 2017 and supports the Council's overall capital strategy. The capital programme includes approved expenditure and income budgets from 2017/18 to 2021/22 and future years' forecasts summarised up to 2030/31. The general fund expenditure budget totals £2.130bn which is funded by £398.379m of external funding, £494.817m of capital receipts with a £1.237bn net funding requirement from 2016/17 to 2030/31.

2.2. The Housing Revenue Account capital programme has a value of £701m over the next five years (2017/18 to 2021/22) and was presented to Cabinet for approval on 12th December 2016.

2.3. This is an ambitious capital programme. Many of these schemes will help to modernise areas of the City, helping to maintain and develop Westminster's reputation as a global centre of tourism, retail, entertainment and business. The examples below show some of the ways this capital investment will contribute to the key strategic aims of City for All:

- the development projects within the portfolio will result in significant investment which will provide residents of Westminster with new improved leisure, adult social care and education facilities, as well as enterprise space and improved public realm. This will improve the wellbeing and prosperity of residents as well as delivering broader economic benefits. To offset some of these costs there is provision of broader commercial aspects within the developments which will provide on-going revenue income streams or capital receipts.

- a number of large development schemes within the capital programme which are partially funded by the Affordable Housing Fund (AHF) are planning to deliver 969 new and replacement affordable homes by 2021/22, of which 345 will be located with the Council's regeneration and infill sites. This will ease the pressure on temporary accommodation. The building of new residential properties is at the heart of giving residents the opportunity to aspire.

- the West End partnership is a partnership between the public and private sectors, this came together to create a shared vision for the West End, delivering a set of transformational projects. The West End is the most dynamic and diverse city centre in the world. Without investment in its public spaces, transport and other infrastructure, investors will become attracted to better business environments elsewhere - particularly in the context of Brexit challenges. The Council is in discussions with Government to explore ways of funding these aspirations given the significant wider economic benefits.

- continued investment in the public realm within Westminster creates and preserves spaces where people enjoy living, working and visiting. The investment reflects the pride we take in our role as custodian of the City, protecting our heritage by managing places and spaces that can be enjoyed both now and in the future. Additionally, investment in improving the public realm and pedestrian environment helps to accommodate the safe and efficient movement of growing numbers of people entering and moving around Westminster, managing vehicular traffic and making walking safer and more enjoyable. This creates opportunities for everyone in the city to be physically active.

- the Council's investment in core infrastructure of carriageways, footways, lighting and bridges recognises the commitment the Council has to managing the performance, risk and expenditure on its infrastructure assets in an optimal and sustainable manner throughout their lifecycle, covering planning, design, development, operation, maintenance and disposal. This programme ensures the infrastructure is in a safe and reliable condition, is efficiently managed and means residents and visitors can enjoy clean, high quality streets.

3. Capital Spend - Performance Against Net Budget 2011/12 to 2016/17

3.1. The capital programme has seen a significant amount of expenditure between 2011/12 to 2016/17. Net budget figures along with capital spend re-profiled into subsequent years is set out in the table below:

	2011-12			2012-13			2013-14			2014-15			2015-16			2016-17		
SERVICE AREAS - EMT Structure	**Net Budget**	**Re-Profiled Budget**		**Net Budget**	**Re-Profiled Budget**		**Net Budget**	**Re-Profiled Budget**		**Net Budget**	**Re-Profiled Budget**		**Net Budget**	**Re-Profiled Budget**		**Net Budget**	**Re-Profiled Budget**	
	£,000's	*£,000's*	*%*	*£,000's*	*£,000's*	*%*	*£,000's*	*£,000's*	*%*	*£,000's*	*£,000's*	*%*	*£,000's*	*£,000's*	*%*	*£,000's*	*£,000's*	*%*
Adult Services	86	0	0%		10		10	183	<100%	933	749	80%	1,065	955	90%	0	0	
Children's Services	8,131	3,113	38%	8,891	849	10%	3,473	1,088	31%	3,042	70	2%	2,050	1,753	85%	357	219	61%
Growth, Planning and Housing	15,046	1,805	12%	20,251	2,371	12%	15,482	2,335	15%	45,606	5,485	12%	74,145	57,888	78%	45,728	6,676	15%
City Management and Communities	11,476	1,292	11%	11,764	2,601	22%	15,597	3,599	23%	7,152	2,346	33%	11,556	-3,492	-30%	13,271	5,381	41%
Corporate Services	4,627	262	6%	2,391	907	38%	2,957	575	19%	3,750	200	5%	1,475	50	3%	1,281	836	65%
Policy, Performance and Comms																4,760	-598	-13%
City Treasurer										5,000	5,000	100%	10,175	10,175	100%	7,364	8,159	111%
General Fund Total	39,366	6,471	16%	43,296	6,737	16%	37,519	7,779	21%	65,483	13,850	21%	100,466	67,327	67%	72,761	20,673	28%
HRA TOTAL	30,000	2,317	8%	47,397	15,158	32%	67,550	37,532	56%	98,390	33,736	34%	89,830	35,145	39%	36,255	7,348	20%
Overall Total	**69,366**	**8,788**	**13%**	**90,693**	**21,895**	**24%**	**105,069**	**45,311**	**43%**	**163,873**	**47,586**	**29%**	**190,296**	**102,472**	**54%**	**109,016**	**28,021**	**26%**

3.2. Key trends as indicated above include:

- There has been an increase in the capital programme in recent years in line with the ambitions of the Council
- Both the size and number of schemes have increased.
- As the size of the capital programme has increased, the level of budget re-profiled into the next financial year has also increased.
- The Council continues to experience challenges in respect of management of the capital programme and scrutiny of the capital programme continues to grow due to its scale and due to slippage

3.3 The reasons why full budget allocations are not spent in any given year vary from project to project, but large scale development projects are rarely delivered in total in a single financial year and multi-year projects have a greater potential re-profiling. Some examples are provided below based on the different types of projects that the Council undertakes:

Development

These are large scale development schemes which help the Council achieve strategic aims and generate capital receipts and new revenue – these make up approximately 45% of the Capital programme.

- Planning consent and related issues taking longer than expected to be finalised
- Capital budgets intended for acquisitions of land and buildings are inherently dependant on third parties agreeing to sell and opportunities becoming available
- Decisions are made to delay project commencement for a wide variety of reasons
- Procurement issues including limited interest in the market and difficulty in securing a suitable contractor particularly in a buoyant market
- Legal issues such as rights of light and compulsory purchase orders
- Decision making and more complex governance arrangements
- There is evidence to suggest that project managers have a natural initial optimism bias in the early stages of scheme development around both the cost and project timelines.

Operational

These schemes are related to day to day activities that will ensure the Council meets its statutory requirements – these make up approximately 53% of the Capital programme:

- Capacity and resourcing can affect the ability to deliver these projects
- Delays in securing funding from third parties
- inaccuracy in setting out and forecasting a project's timescale and costs
- Some of these budgets relate to reactive maintenance, therefore spending this allocation is dependent on developments during the year e.g. having to replace a roof

Investment Schemes / Asset Acquisition

The primary focus of this current strategy is to increase investment revenue through asset acquisitions which also increase the quality and diversification of the Council's property portfolio. They are self-funded by creating additional income and efficiency savings – these make up approximately 2% of the Capital programme

- Officers actively review the market to identify opportunities; however spending the investment budget allocation is fully dependent on what is in the market at any given point that provides appropriate investment stock in line with the Council's strategy at the time and within established risk management parameters.

3.4 Within the general fund schemes classified as "Operational" there are some projects which are identifiable as "routine" minor works which are linked in asset management plans to maintenance to keep assets in a good state of repaid and working order. These are usually cyclical programmes are programmed annually. Slippage in relation to these types of works can be found below for 2015/16 and 2016/17 as a proportion of other spend which has been re-profiled into future years.

	2015-16			2016-17		
	Net Budget	Variance	*%age Var*	Net Budget	Variance	*%age Var*
	£'000	£'000	*%age*	£'000	£'000	*%age*
General Fund						
Routine Project Slippage	24,494	10,663	44%	15,445	3,001	19%
Other Projects	75,972	56,664	75%	57,316	15,817	28%
Total Slippage	**100,466**	**67,327**	**67%**	**72,761**	**18,818**	**26%**
Under/Over Spends		5,179			1,855	
Total Variance		**72,506**	**72%**		**20,673**	**28%**
HRA						
Regeneration	46,500	17,232	37%	12,592	830	7%
Other Projects	8,260	1,299	16%	8,680	2,848	33%
Works to Housing Stock	35,070	16,614	47%	14,983	3,670	24%
Total	**89,830**	**35,145**	**39%**	**36,255**	**7,348**	**20%**

General Fund Major Projects

3.5 The capital programme includes a Major Projects gross capital budget of approximately £818m, with projected income of approximately £420m. As well as producing capital receipts, many of these projects will also generate an on-going revenue stream that will contribute towards the costs of financing the capital programme.

3.6 The Major Projects team have made progress on a number of projects and the capacity of the team has expanded in order to help ensure that these projects are delivered and offer the best value for money to the Council. A number of projects are under construction with the Moberly and Jubilee phase 1, Sir Simon Milton UTC and Dudley House all on site. Some of the milestones achieved to date include approval of Final Business Case for the City Hall refurbishment; approval of the Outline Business Case for Beachcroft and approval of Strategic Outline Cases for Huguenot House, Seymour Leisure Centre and Lisson Grove Development. Refinement of design work, massing studies and financials has meant a number of projects are now ready to progress to the next stage.

3.7 Below is a summary of Major Projects.

- Dudley House
  (remaining expenditure £78.4m, capital receipt £36.2m)
  The Dudley House project is now on site and progressing well with Willmott Dixon Partnership Homes delivering the project. The target completion for the Marylebone Boys School is the 7th September 2018 with the intermediate rent accommodation completing on the 23rd April 2019 - the project is currently running to programme. There were some initial delays with the project due to securing vacant possession, obtaining planning permission and costs increasing as a result of market conditions plus changes in the design as a result of feedback from GLA and planning.

- Huguenot House
  (remaining expenditure £101.6m, capital receipt £59m)
  Following a public consultation, the OBC is being progressed and will be presented to Cabinet over the coming months. The project has a number of potential options and the project will progress when Cabinet agree on a preferred way forward. Expenditure was incurred during 2016/17, primarily in relation to the acquisition of residential properties in the block as and when they became available. There is also budget available during the current financial year for acquisitions, this is difficult to forecast as it is dependent on properties becoming available on the market. The project is expected to progress through the next levels of design but will be dependent on approval of the business case and the will to progress a sensitive scheme.

- Sir Simon Milton UTC
  (remaining expenditure £3.0m, income £16.3m)
  The works are progressing well and the project remains on track to complete the UTC by September 2017. There were initial delays on the project due to increases in prices as a result of market conditions. As a result there was an extended negotiation period with the Council considering a self-develop option instead of the developer led approach if the negotiations had not been successful. The project is almost entirely funded by grant monies.

- City Hall Refurbishment
  (remaining expenditure £80m)
  During 2017/18 construction work is set to begin on the refurbishment of City Hall on Victoria Street. The programme from 2017/18 has a capital budget of £80m (excluding contingency) with the completed scheme delivering increased revenue for the council from rental income as well as reduced running costs. The decant process has completed with staff now temporarily relocated

at 5 Strand and Portland House. Given the scale of the project there was a thorough options appraisal undertaken to ensure that the option that presented best value for money was chosen. This looked at various options including purchasing or renting an alternative property, full refurbishment of City Hall and a light touch refurbishment without a decant of staff – as well as options on the delivery of the project either through a developer or self-develop route.

- Circus Road
  (remaining expenditure £21.5m, capital receipt £24.9m)
  The SOC for this project is currently being developed and a preferred way forward has been identified for a mixed use residential and commercial development. This is a complex project but once the SOC has been approved further design and feasibility work will be undertaken.

- Seymour Leisure Centre
  (remaining expenditure £4.1m)
  A refurbishment proposal has been approved which includes adapting the current building to co-locate Marylebone Library within the building. An Outline Business Case has been completed with a full scale development being assessed as a potential option. Development of a new residential block to generate additional capital receipts in support of the scheme was not supported in planning. As a result a refurbishment option has been approved, which although smaller scale, achieves the Council objective of providing a library facility in the area.

- Investment Property Review (expenditure £299.3m, income £158.4m).
  This project will result in significant investment which will provide residents of Westminster with modern leisure facilities, helping to tackle obesity and encourage healthier lifestyles. This is a key component in offering choice to residents about the type of lifestyle they lead. The review will additionally maximise the value of leisure sites by delivering significant commercial income opportunities. This is a complex scheme with work being undertaken to assess how to take this scheme forward

- Cavendish Square
  Feasibility work was undertaken on the project which identified that a scheme delivered by the Council was not financially viable. As a result the capital budget allocation has now been taken out of the Capital Programme. However, officers continue to explore opportunities for reduced risk, cost effective, developer led options.

- <u>Luxborough Street</u>
  (remaining expenditure £21.4m, capital receipt £18.5m)
  A Cabinet Member Report for a mixed use development is being prepared and will be presented to members in July. The original scheme proposed for the site was withdrawn following a failure of the Council's appointed contractor to meet its obligations under its procurement.

- <u>Moberly and Jubilee</u>
  (remaining expenditure £13.3m, capital receipt £16.9m)
  The projects at both Moberly and Jubilee are on site and progressing well, with anticipated phase 1 practical completion in 2018 with Jubilee Phase 2 to follow. The loan is being drawn down in line with the loan agreement. Initial delays were caused by protracted negotiations with the developer as market conditions had resulted in increases to costs and a call in of the decision to approve the scheme

- <u>Beachcroft</u>
  (remaining expenditure £29.5m, capital receipt £27.9m)
  The OBC for Beachcroft has been approved. Enabling works are progressing on the project and approval for further expenditure is being sought to enter into the Pre-Contract Service Agreement as well as securing the appropriation of land from the HRA to the General Fund. This is expected to start at the beginning of 2018/19. This project was part of the Specialist Housing Strategy for Older People or SHSOP programme - a tri-borough initiative supported by the NHS and Central London Care Group (CLCG) to better align specialist housing provision with the needs of older people. There were initial delays working with partners to try to deliver the project, however a decision was made for the Council to independently progress the project to ensure delivery.

- <u>Westmead/Carlton Dene</u>
  (remaining expenditure £55m, capital receipt £62.5m)
  Both these projects are linked to the development at Beachcroft as residents in both these homes have to be decanted to Beachcroft in order for the sites to be redeveloped. Architectural massing studies are planning to be undertaken this year, which will further develop the options for the schemes.

- <u>Lisson Grove Programme</u>
  (expenditure £80m)
  The programme aims to build new office space for the Councils HQ in the north of the borough and to redevelop the site left by its current building. Options are being assessed to identify an appropriate scheme for the site. An indicative figure has been

included in the capital programme. The Strategic Outline Case has been approved and further work is progressing on the design.

In addition there are two major projects relating to the HRA as follows:

- Church Street

  The Council is preparing to consult stakeholders on a new masterplan for the Church Street area. This masterplan is designed to ensure delivery of key housing and public realm improvements in the area.

- Ebury Bridge

  Options are required to progress the renewal scheme. The Council is committed to the regeneration of the Ebury Bridge estate and will work with residents on a preferred way forward. The Estate is one of five priority housing estates identified in the City Council's Housing Renewal Strategy 2010, noted as requiring improvement and significant investment. The aim of regenerating the Ebury Bridge Estate is to bring about long term physical, economic and social sustainability of the area, and to create a high quality, mixed use urban neighbourhood that is attractive to residents and visitors alike, integrates successfully with the surrounding area and delivers a significant number of new homes in line with the Leader's City for All 2017/18 priorities.

4. Improvements Implemented and Planned

4.1. Slippage is and will remain an intrinsic factor in the delivery of all major Capital Programmes of work i.e. it will always occur at some scale and will never be completely eradicated. However, over the past financial year there have been a number of improvements made to the capital programme, with further improvements planned to ensure that slippage is kept to a minimum. These included the following which are covered in more detail below:

- Budget setting process
- Business cases
- Programme Delivery Office
- Governance and reporting

4.2. Budget Setting Process

4.2.1 A new process for capital budget setting process was implemented in 2015/16 and this has continued to evolve. Since this time all schemes have been supported by a Capital Programme Submission Request (CPSR), which sets out a rationale for capital investment, ensures an audit trail for each project and secures a provisional budget in the capital programme.

4.2.2 This form has been refined and improved for the 2017/18 capital budget setting process. This is based around five key themes: strategic fit; financial; legislation and compliance; indirect need and dependencies and risk. For each area a description is required and the project lead is expected to complete a self-assessment scoring for each area against pre-defined criteria.

4.2.3 Executive Directors and Heads of Service will review projects both individually and in aggregate from a financial and capacity perspective. This will then lead to a prioritisation of projects to ensure that a capital programme is set that is achievable within current resources which will then be agreed with Cabinet members. This will ensure that the Capital Programme is profiled in line with realistic timescales and a robust VfM case is demonstrated both strategically and operationally.

4.3. Business Cases

4.3.1 Value for money is a key component of all capital projects. All projects must evidence a level of economy, efficiency and effectiveness in order to be approved. Therefore, projects have to show that all potential options have been considered, and the option that is chosen is cost efficient and effective in achieving the City for All ethos. As a result all key development projects are expected to be supported by a robust business case.

4.3.2 The Council has adopted the Five Case Business Model as outlined in the “Green Book” and is the best practice standard widely used across Central Government, departments and other Government bodies and by those with responsibility for deciding how public money should best be spent.

4.3.3 The business case in support of a new project must evidence:

- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the organization and public sector- <u>the “strategic case”</u>

- That the intervention represents best public value- <u>the “economic case”</u>.

- That the proposed deal is attractive to the market place, can be procured and is commercially viable - <u>the “commercial case”.</u>

- That the proposed spend is affordable - <u>the “financial case”.</u>

- That what is required from all parties is achievable- <u>the ”management case”.</u>

4.3.4 There are 3 key stages in the evolution of a project business case, which correspond to key stages in the spending approval process. These are the Strategic Outline Case (SOC), the Outline Business Case (OBC) and the Full Business Case (FBC). By the Full Business Case phase all five cases should be fully developed.

4.3.5 The business case development process is key to public value in spending decisions, in terms of scoping, options selection, delivery, monitoring and evaluation. The business case therefore is not simply used as the vehicle for simply gaining approval for a proposal, because to deliver public value all five components need to be planned for effectively. It is an iterative process and at each key stage further detail is added to each of the five dimensions.

4.3.6 As the cost and complexity increases, the importance of the business case increases. The application of this methodology is expected to have the following advantages:

- To raise the quality of spending proposals both in terms of their delivery and public value. All business cases include an options appraisal covering scope, delivery, and funding. This ensures that any decision is made based on an option that has been systematically reviewed against other options and is shown to best achieve the Council’s objectives.

- The business case, both as a product and a process provides decision makers, stakeholders and the public with a management tool for evidence based and transparent decision making and a framework for the delivery, management and performance monitoring of the resultant scheme.

- Business cases can also facilitate quick and efficient decisions by giving the decision makers confidence that the project is well planned, deliverable and the benefits outweigh the costs and potential risks.

- Business cases prevent the abandonment of projects as a thorough assessment of risks is assessed at each stage of the business case process as well as dependencies to other projects or programmes.

- Ensures projects follow a systematic and consistent approach, with all key areas including strategic fit, financial, procurement and project management and delivery fully considered before committing financial resources.

- To support the prioritization of spending proposals and the management of spending portfolios through provision of standard information.

4.3.7 Building on the improvement to the Budget Setting process and the Business Case process the following are planned by the City Treasurer’s department to improve things further:

- The Monthly Monitoring process will be enhanced to provide more information around the status of each project to provide a stronger set of indicators around whether or not the project is on track in respect of timetable and budget.

- A series of papers will be prepared for the Capital Review Group for discussion outlining some of the broader issues which are relevant particularly at business case stage. These include a broader investment strategy, taxation issues, alternative delivery models, alternative funding options etc

- The Capital Strategy approved that contingency would be held corporately, with projects required to bid for these funds in the event they are required to fund capital project costs. CRG will make recommendation in respect of the use of these.

- Reviews of capital income budgets and related risks with a particular focus on capital receipts. Addition reviews also of commercial revenue income budgets generated as a consequence of development and investment schemes.

- To review any further proposed use of capital receipts under the freedoms of the Flexible Capital Receipts regulations. The Capital Strategy approved the use of capital receipts to fund revenue spend on City Hall, Digital Programme and Pension Deficit Recovery, and leading to future on-going savings.

4.4. Programme Delivery Office

4.3.8 The Council has embarked on a programme to introduce a consistent Project Process and the establishment of a Programme Delivery Office to support the on-going delivery and performance of its capital programme. Effective Project Processes and Governance arrangements will increase the likelihood that projects will deliver to time, cost and scope targets. Project plans will be well-researched and well-defined with robust estimates of timetables and associated costs from the outset and throughout all project stages. The Project Process will facilitate the early identification and impacts of slippage. Having an overall Capital Programme that is prioritised and well controlled will allow easier identification of mitigation plans for projects at risk of going off track.

4.3.9 There are two main areas currently in progress for the improvements in Capital Programme Delivery:

1. Development of a Consistent Project Process for the Capital Programme
2. Establishment of a Programme Delivery Office (central administration of the process / programme)

4.3.10 The Capital Programme process improvements will provide overall consistency between departments and will deliver benefits to the delivery of the Capital Programme. A summary of the areas of improvement are:

1. **Appraisal and Prioritisation of Projects**: This will utilise the existing Green Book Appraisal system but will also integrate both qualitative and quantitative assessment criteria that is aligned with the council's strategic ambitions and core objectives. This will provide the necessary framework to provide Members with clear strategic understanding of the entire programme and that will inherently facilitate meaningful decisions about which projects proceed.

2. **Gateway Process and Stage Sign Off by Members:** Aligned with the Appraisal and Prioritisation process, this will create a clear gateway process that covers the whole lifecycle each project. This will assist in developing an enhanced and more consistent and embedded approach to projects through the governance groups. It will provide the required confidence, both internally and externally that projects are proceeding in the right direction.

3. **Project Governance:** This will address both programme and project governance and will establish constituted Boards with clear Terms of Reference but will also

build on and support existing structures. Programme Boards will be established to support the strategic direction of all.

4. **Programme Delivery Office**: To help create an overarching, coordinated and consistent approach to delivery of projects, a Programme Delivery Office (PDO) will be created. The PDO will sit 'alongside' the programme and project boards and at all levels of the delivery team. By acting as the centre of excellence for the project process and methodologies, it will provide a consistent and transparent approach for senior officers by challenging, analysing and monitoring the performance of projects and programmes.

5. **Project Process and Methodologies**: The development of project management process and methodology for the whole project lifecycle is a fundamental element in providing consistency and transparency. The process will inherently support most of the solutions including the key considerations in managing slippage; be centrally administered by the PDO and will be suitable for all types and scale of project.

6. **Skills, Works & Services**: Consultant and contractor panels should be created that will lead on management of the skills, services and works that are required to deliver the agreed programme. The panels help build a position that WCC is a 'good client'; foster relationships with suppliers; consider procurement processes, framework strategies, VFM that attracts and secures good people and organisations.

7. **Commercial Management**: To complement the PDO, effective links to the commercial management teams including the City Treasurers team which focuses on major projects and capital will be further developed that will capture how the fundamental financial elements of projects are managed.

8. **Health Checks (Stress Tests)**: Administered by the PDO, a structured process to carry out Health Checks on existing projects that will provide an in depth and realistic analysis of how projects are performing. The Health Checks will highlight slippage and other risks and issues in all key areas and will facilitate how remedial actions are to be taken if required, in addition to supporting a continual Programme wide improvement process.

4.5. Existing Governance and Reporting

4.4.1 The Council's Capital Review Group (CRG) meets on a monthly basis to manage and oversees the whole of the capital programme irrespective of funding source.

This is the main corporate vehicle through which the capital programme is financed, reviewed and managed. CRG leads the strategic direction of the capital programme. A key aim of CRG is that decisions are made based on a full understanding of the capital programme – instead of decisions made on projects in isolation. CRG is the forum where schemes will be recommended for approval by the relevant Cabinet Member. It is responsible for the rolling five year capital programme and manages funding requirements and the subsequent revenue impact it will have. CRG reviews risks related to capital schemes, ensuring value for money is being achieved, whilst providing robust challenge in monitoring projects and programmes.

4.4.2 Each month there is a 'service review' at CRG. A directorate is expected to present a report outlining their capital programme including key deliverables, risks and challenges. This enables CRG to understand in detail the programme for each directorate which enables more effective decision making. Also, these reviews consider significant categories of spend within the capital programme which may not otherwise be covered in detail because they are not classified as "major projects". The information each service is asked to report on includes:

- alignment of intended investment outcomes to City for All objectives
- an assessment of value for money for each project or portfolio of smaller projects. This will include outline procurement strategies.
- an outline of projects which are needed and prioritised due to statutory or legal reasons (e.g. health and safety)
- links to MTP revenue savings
- whether or not each project will help the Council avoid future costs or avoid reputational damage, or is needed to maintain or develop key partnerships of strategic importance
- a cost and income source breakdown for each project
- risks and mitigations, key issues (e.g. site and planning)
- timelines / project plans
- taxation issues
- others issues as appropriate

4.4.3 CRG also considers broader issues and topical areas affecting the Capital Programme with papers presented as required. This includes but is not limited to risk management, broader investment strategy, taxation issues, delivery models and alternative funding options.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:
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BACKGROUND PAPERS

Capital Strategy 2017/18 to 2021/22, forecast position for 2016/17 and future years forecasts summarised up to 2030/31