

## **CITY OF PLYMOUTH**

**Subject:** Annual Review of Financial Regulations

**Committee:** Audit Committee

**Date:** 21 January 2011

**Cabinet Member:** Councillor Bowyer

**CMT Member:** Director for Corporate Support

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**Ref:** Acct/SW

**Key Decision:** Yes

**Part: 1**

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### **Executive Summary:**

Financial Regulations specify a number of rules and key control measures which ensure that public accountability and high standards are exercised in the use of public funds. It is a requirement of the Financial Regulations themselves that they are subject to an annual review.

As part of the review for 2010, it is proposed that in future the Finance Regulations should be incorporated within the overall constitution which will clarify and ensure consistency of Council Delegation authorities.

The new Finance Rules to be incorporated into the Constitution are attached at Appendix A.

This report seeks approval of Audit Committee to an amendment to the virement delegation limits and the inclusion of the Capital Governance Document, attached at Appendix B, onto the Index.

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### **Corporate Plan 2011-2014 as amended by the four new priorities for the City and Council:**

The Finance Rules set the parameters within which the Council Officers and Members operate, and, thus work towards delivering the Corporate Plan.

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**Implications for Medium Term Financial Plan and Resource Implications:  
Including finance, human, IT and land**

The Finance Rules outline in particular a number of officer and committee delegation limits which have been set having regard to the day to day operation of Council Services as well as the minimisation of risk. Adherence to the Finance Rules together with the supplementary suite of Governance documents contained within the Index contribute towards achievement of Value for Money in the use of Council resources.

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**Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

Not applicable

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**Recommendations & Reasons for recommended action:**

1. Audit Committee note the proposal to incorporate the Financial Regulations within the overall Constitution.
2. Audit Committee recommend the proposed changes to the virement delegation limits to Council .
3. Audit Committee recommend the new Finance Rules to Council for inclusion within the Constitution.
4. The Capital Governance Document outlining the detailed arrangements for managing and monitoring the capital programme be approved and added to the Finance Rules Index.

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**Alternative options considered and reasons for recommended action:**

It is a requirement of the Finance Rules themselves that they be reviewed on an annual basis.

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**Background papers:**

Financial Regulations 2010

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**Sign off**

Head of Fin	CorpF 91000 9	Head of Leg	LT106 20 TH000 9	Head of HR	N/A	Head of AM	CJT/ 059/ 1201 11	Head of IT	ICT/00 50/NJ C	Head of Strat Proc	
Originating SMT Member Malcolm Coe											

## Review of Financial Regulations 2010/11

### 1. Introduction

- 1.1 Financial Regulations specify a number of rules and key control measures which ensure that public accountability and high standards are exercised in the use of public funds.
- 1.2 A review of Financial Regulations was carried out at the end of 2009/10 and is now scheduled for the next annual review. In its current format, the main body of the Financial Regulations provide the 'policy' concerning the use of financial resources, with the 'Index' describing the 'processes and procedures' that show document users how to deliver the requirements at a working level.
- 1.3 The Financial Regulations have up to now been a stand alone document, which should be viewed in tandem with the scheme of delegation/constitution. Unfortunately this has in some cases led to conflict, confusion and uncertainty around delegations and process that should be followed.
- 1.4 The Assistant Director for Democracy and Governance is currently consulting and updating the Council's Constitution and has recommended that the Financial Regulations should in future form an integral part of this document. The revised Constitution will be presented to full Council for approval on 31 January 2011. This has enabled a further refinement of the Financial Regulations, and a renaming to the 'Finance rules'.

### 2. Proposed Changes 2010.

- 2.1 The Finance Rules are attached at Appendix 1. Although the rules have been simplified substantially, there has been no change of practice.
- 2.2 However changes to the virement limits for both revenue and capital are proposed as below.

#### 2.3 Revenue Virements

	Current Financial Regulations	Proposed Finance Rules
Fourth Tier Managers	Up to £5,000	Up to £5,000
Third Tier Managers	£5,000 to £10,000	£5,000 to £10,000
Assistant Director	£10,000 to £25,000	£10,000 to £25,000
Director (with notification to Director for Corporate Support)	Up to £50,000	Up to £50,000
Chief Finance Officer	Up to £100,000	Up to £100,000
Cabinet Member		Up to £500,000
Cabinet if it is within the budget, if not Council make the decision on the recommendation of Cabinet	Over £100,000	Over £500,000

## 2.4 Capital Virements

### Current Financial Regulations:

	Current Financial Regulations
Relevant Director (approved via monthly monitoring and quarterly CDB reports): Individual scheme Programme sub category	Up to £100,000 Up to £500,000
Cabinet via monitoring report	Over £100,00 individual or £500,000 programme sub category

### Proposed Finance Rules

Type of change	Who can agree it
<b>Variations where the director cannot identify a capital funding to transfer from another scheme</b> Additional costs to an existing scheme of up to £25,000	Chief finance officer in consultation with the capital delivery board
Additional costs to an existing scheme of more than 5% but less than 10% of the original budget and more than £25,000	Cabinet
Additional costs to an existing scheme of more than 10% of the original budget and more than £100,000	Council
<b>Proposed increases which can be funded from increased ring fenced funding</b> Approving proposed increases of Up to £50,000	Chief finance officer in consultation with the capital delivery board
Approving proposed increases of more than £50,000 but less than £100,000	Chief finance officer in consultation with the cabinet member for finance
Approving proposed increases of more than £100,000 but less than £500,000	Cabinet
Approving proposed increases of more than £500,000	Council
<b>Transfers within the capital programme within the same portfolio</b> Approving transfers between individual schemes up to £100,000	Director in consultation with the chief finance officer
Approving transfers between individual schemes of more than £100,000 but less than £500,000	Chief finance officer in consultation with capital delivery board

Type of change	Who can agree it
Approving transfers between individual schemes of more than £500,000	Cabinet
Approving transfers between sub programme categories of up to £500,000	Director in consultation with the chief finance officer
Approving transfers between sub programme categories of more than £500,000	Cabinet
<b>Transfers within the capital programme between different portfolios</b>	
Approving transfers of up to £100,000	Chief finance officer in consultation with the capital delivery board
Approving transfers of more than £100,000	Cabinet
<b>New capital schemes</b>	
Approving new schemes estimated to cost up to £100,000	Chief finance officer in consultation with the cabinet member for finance
Approving new schemes estimated to cost more than £100,000 but less than £500,000	Cabinet
Approving new schemes estimated to cost more than £500,000	Council on the recommendation of cabinet

Note Chief finance officer is Director for Corporate Support

2.5 All other delegated limits remain in line with the 2010 Financial Regulations.

2.6 The Director for Corporate Support is required to review and update the Finance Rules each year to ensure they comply with relevant law and guidance.

### 3.0 The Index of Operational Documents

3.1 The new Finance Rules will continue to be supplemented by an Index of operational documents, and these will continue to be presented to Audit Committee for approval as appropriate.

3.2 As part of this process a new document – The Capital Governance Document – is presented to this Committee for approval. The document is attached at Appendix B

### 4.0 Recommendations

4.1 Audit Committee note the proposal to incorporate the Financial Regulations within the overall Constitution.

4.2 Audit Committee recommend the proposed changes to the virement delegation limits to Council .

- 4.3 Audit Committee recommend the new Finance Rules to Council for inclusion within the Constitution.
- 4.4 The Capital Governance Document outlining the detailed arrangements for managing and monitoring the capital programme be approved and added to the Finance Rules Index.

## 24 Finance rules

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## **24.1 Scope**

The council acknowledges the responsibility it has for the administration of public funds, and wishes to emphasise to both the public and its employees the importance it places upon probity, financial control and honest administration.

These finance rules provide the framework for managing the council's financial affairs. They apply to every member, committee, school governing body, department, officer, partner, employee of the council, and anyone acting on behalf of the council, unless otherwise minuted by the council. Breaches will be reported to the audit committee, if the Chief Finance Officer and the chair of the audit committee deem that it is appropriate.

Failure to comply with the requirements of these finance rules and any associated guidance could be considered a potential act of gross misconduct.

Further advice and guidance is given in the documents listed at [24.33](#). These documents describe "processes and procedures" that show users "how to" deliver the requirements of the finance rules at a working level.

All of these documents' require specific approval of Audit Committee, and once adopted carry the same status as the Finance Rules themselves.

## **24.2 Responsibilities under the Finance Rules**

### **24.2.1 Responsibilities of the Chief Finance Officer**

The Chief Finance Officer, currently the Director for Corporate Support, carries out the statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151 of the Local Government Act 1972;
- Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Accounts and Audit Regulations 2003; and
- The Local Government Act 2000;

and are supplemented and explained by case law.

The Chief Finance Officer has a legal duty to make sure the Council keeps to the highest financial standards. Other officers with responsibilities under the finance rules are using powers delegated by the Chief Finance Officer.

The Chief Finance Officer will review and update the finance rules each year to make sure they comply with relevant law and guidance. The Chief Finance Officer may also issue guidance on how to ensure high financial standards.

### **24.2.2 Responsibilities of Directors**

Directors must oversee and monitor the financial management of their service areas.

### **24.2.3 Responsibilities of Assistant Directors**

Assistant Directors must:

- deliver services in compliance with these finance rules and their service budget allocations;
- make sure staff within their departments comply with these finance rules and have adequate written guidance on financial procedures and system working practices;
- monitor the overall financial state of their service area;
- make sure that they identify and agree with the Chief Finance Officer the financial implications of all proposals for new spending and partnering arrangements, and that the cabinet is advised of those implications, before such spending is incurred or committed;
- consult with the Chief Finance Officer on any report with financial implications;
- consult with, and seek agreement of, the Chief Finance Officer where it is apparent that new written processes and procedures are required.

### **24.2.4 Departmental Section 151 Responsibilities**

Departmental finance managers are required to bring the Chief Finance Officer's attention to any section statutory finance issue they are unable to resolve.

### **24.2.5 Governing Bodies**

School governing bodies shall conduct their affairs in accordance with these finance rules, unless this would be contrary to the law, the council's fair funding for schools scheme or a later council minute. They are responsible for:

- risk and governance arrangements for the school;
- the management of their delegated budgets in accordance with the provisions contained in the fair funding scheme;
- making sure that staff are aware of these finance rules and that they have adequate written guidance on financial procedures and system working practices, and
- ensuring that staff comply with this written guidance.

## **24.2.6 Responsibilities of all Officers**

Officers must take reasonable action to provide for the security of the assets under their control, and to make sure that the use of these resources is legal, properly authorised and provides value for money.

Officers must be familiar with these finance rules and must understand the ones that affect their work. If an officer is unclear about these rules, they must get advice before acting, by talking to their line manager or finance manager.

Officers must make sure they are using the latest version of these rules. This will always be in the constitution.

Officers must show the highest standards of financial probity. As well as following these rules, they must use their common sense and judgement.

## **24.3 Audit**

### **24.3.1 Internal audit**

Auditors will review the council's financial and management systems and must act if fraud or corruption is found. They will also comment on how to achieve better value.

Auditors have the right to see the records and to ask for information and explanations. Officers must co-operate with them fully.

### **24.3.2 External audit**

The external auditors undertake a yearly audit of the Council's statement of accounts and performance indicators. They have the right to see records and to ask for information and explanations. Officers must co-operate fully.

The Chief Finance Officer has overall responsibility for liaising with the external auditors.

## **24.4 If the finance rules have been broken**

If officers suspect that these rules are being broken or they suspect fraud, corruption or poor value for money, they must tell their line manager (unless their line manager is involved).

The council's **whistle blowing policy** has guidance on what to do if a line manager is involved.

If the finance rules have been broken, the Chief Finance Officer must be told in writing. The Chief Finance Officer will decide what needs to be done and whether councillors need to be told.

## **24.5 Combating fraud and corruption**

The council is committed to making sure that the opportunity for fraud and corruption is reduced to the lowest possible risk. Where there is a possibility of fraud, corruption or other related problems the council will deal with it in a firm and controlled manner regardless of whether the perpetrators are from inside (members and employees) or outside the council.

The Anti-Fraud and Corruption Policy gives advice and guidance to councillors and officers about the council's approach to the serious issues of fraud and corruption and sets out how to deal with an allegation or suspicion of fraud or corruption.

## **24.6 Information and records**

The Chief Finance Officer is responsible for determining the accounting procedures to be followed and accounting records to be maintained within the authority in order to comply with the Accounts and Audit Regulations 2003(see **Retention and Disposition schedule**)

Assistant Directors will arrange suitable training for their staff in keeping accounting records. The content of the training must be approved by the Chief Finance Officer.

## **24.7 Financial Systems and Procedures**

The Chief Finance Officer must ensure that the council's financial systems are sound and operate efficiently.

Assistant directors must seek the prior approval of the Chief Finance Officer to any proposed changes to the existing financial or related systems or to the establishment of any new financial or related systems which are / will be directly under their control.

Assistant Directors must also seek the prior approval of the Chief Finance Officer who, if appropriate, will seek the approval initially of the Corporate Management Team and subsequently of the Cabinet or Audit Committee as appropriate, to any proposed changes to the Council's instructions or procedural notes on financial matters which are required to meet their own specific service needs.

## **24.8 VAT and tax**

The Chief Finance Officer is responsible for keeping tax records, advising on tax, making tax payments, receiving tax credits and submitting tax returns.

Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe; all officers must therefore take particular care when dealing with issues that have tax implications.

## **24.9 Outside bodies**

The Chief Finance Officer is responsible for promoting and maintaining high standards of conduct with regard to financial administration in partnerships and joint ventures and will make sure that partnerships involving the council follow the latest accounting policies, law and guidance.

The Chief Finance Officer must approve any financial arrangements where the council acts as the accountable body, lead authority or major funder for another organisation. Such organisations must have satisfactory rules dealing with the matters covered in these finance rules and the contract rules in section 25. The Chief Finance Officer will make sure that funding to or from outside bodies is properly recorded in the council's accounts.

The Chief Finance Officer must also consider the overall corporate arrangements and legal issues when arranging contracts with external bodies and ensure that the risks have been fully appraised before agreements are entered into with external bodies.

## **24.10 Medium-term financial planning**

The Chief Finance Officer will report to the cabinet on the medium-term budget prospects. Reports should consider the amount of support the council can expect from the government. The capital delivery board is responsible for the governance of the medium-term capital programme; this includes reviewing and monitoring the progress of the capital programme. Directors and capital delivery project officers are required to present a capital programme summary report at each extended capital delivery board meeting.

## **24.11 Responsibility for budget decisions**

Responsibilities for budget decisions are shown in the table below, subject to the permitted changes shown in section 24.13:

**Cabinet responsibilities****Full council responsibilities**

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Recommending the budget to council

Agreeing the budget

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Recommending any changes to the net revenue budget to council

Approving any changes to the net revenue budget

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Recommending the Treasury Management Strategy

Agreeing or changing the Treasury Management Strategy

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Setting the Council Tax base

Setting the Council Tax

---

Recommending the Prudential and Treasury indicators to Council

Agreeing or changing the Prudential and Treasury Indicators

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Recommending the medium term financial strategy to council

Agreeing or changing the medium-term financial strategy

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Agreeing the Risk Management Strategy

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Recommending the Corporate Asset Management Plan to council

Agreeing the Corporate Asset Management Plan

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Recommending the Capital Programme to council

Agreeing the capital programme

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**Audit Committee**

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Scrutinising the Treasury Management Strategy before it goes to Council

**24.12 Emergency spending**

If there is an emergency or a disaster, the Chief Executive can agree extra spending after consulting the Leader and Chief Finance Officer.

## 24.13 Moving money between cost centres

The rules for moving money between revenue cost centres are:

<b>Who can agree it</b>	<b>Amount to be moved</b>
Fourth tier manager	Up to £5,000
Third tier manager	£5,000 up to £10,000
Assistant Director	£10,000 up to £25,000
Director (with notification to Chief Finance Officer)	£25,000 up to £50,000
Chief Finance Officer	Up to £100,000
Cabinet member	Up to £500,000
Cabinet if it is within the budget, if not council makes the decision on the recommendation of the cabinet	Over £500,000

The rules for moving money between capital cost centres or changes to the capital programme are:

<b>Type of change</b>	<b>Who can agree it</b>
<b>Variations where the director cannot identify a capital funding to transfer from another scheme</b>	
Additional costs to an existing scheme of up to £25,000	Chief Finance Officer in consultation with the capital delivery board
Additional costs to an existing scheme of more than 5% but less than 10% of the original budget and more than £25,000	Cabinet
Additional costs to an existing scheme of more than 10% of the original budget and more than £100,000	Council

**Proposed increases which can be funded from increased ring fenced funding**

Approving proposed increases of Up to £50,000	Chief Finance Officer in consultation with the capital delivery board
Approving proposed increases of more than £50,000 but less than £100,000	Chief Finance Officer in consultation with the cabinet member for finance
Approving proposed increases of more than £100,000 but less than £500,000	Cabinet
Approving proposed increases of more than £500,000	Council

**Transfers within the capital programme within the same portfolio**

Approving transfers between individual schemes up to £100,000	Director in consultation with the Chief Finance Officer
Approving transfers between individual schemes of more than £100,000 but less than £500,000	Chief Finance Officer in consultation with capital delivery board
Approving transfers between individual schemes of more than £500,000	Cabinet
Approving transfers between sub programme categories of up to £500,000	Director in consultation with the Chief Finance Officer
Approving transfers between sub programme categories of more than £500,000	Cabinet

**Transfers within the capital programme between different portfolios**

Approving transfers of up to £100,000	Chief Finance Officer in consultation with the capital delivery board
Approving transfers of more than £100,000	Cabinet

**New capital schemes**

Approving new schemes estimated to cost up to £100,000	Chief Finance Officer in consultation with the cabinet member for finance
Approving new schemes estimated to cost more than £100,000 but less than £500,000	Cabinet
Approving new schemes estimated to cost more than £500,000	Council on the recommendation of Cabinet

Full Council must agree on any transfers that would change the policy framework.

Transfers in or out of employee account codes or income account codes must be agreed by the Chief Finance Officer.

Requests for transfers must be in a format agreed by the Chief Finance Officer. Requests must say how much is going to be spent, what it is going to be spent on, where the money will come from and what effect the spending will have in current and future financial years.

## **24.14 Budgetary Control**

### **24.14.1 Council's Reserves**

The Chief Finance Officer must advise the council on keeping a safe level of reserves.

### **24.14.2 Monitoring budgets**

The Chief Finance Officer will give Directors and Assistant Directors the information they need to monitor their budgets.

### **24.14.3 Responsibilities of the Chief Finance Officer**

The Chief Finance Officer will:

- produce regular monitoring reports for the cabinet – these will identify any areas of concern and say how things can be put right
- tell the cabinet when spending or extra spending is needed
- advise on the medium-term effects of spending decisions
- make sure each capital scheme includes a project plan, progress targets and forecasts of linked revenue spending
- manage a scheme of carry forwards within guidelines set by the cabinet.

#### **24.14.4 Responsibilities of Assistant Directors**

Assistant Directors will:

- monitor income and control spending
- monitor performance
- manage their budgets
- report any problems promptly to the Chief Finance Officer
- make sure staff keep all financial records, particularly the supporting papers for grant claims

#### **24.15 Year-end balances**

The Cabinet will agree the procedures for carrying forward under and over-spending on budget headings at the year end, in consultation with the Chief Finance Officer.

Directors are responsible for monitoring the impact of the year-end variations on the level of service outputs which had been planned for both the relevant and subsequent year(s).

#### **24.16 Capital strategy**

The Chief Finance Officer will prepare an asset management plan and capital strategy. This will:

- set out the principles the council will follow in its capital planning and management
- include a five year capital programme
- show how schemes are added into the Capital Programme

#### **24.17 Project approval**

##### **24.17.1 Which projects need approval?**

All new schemes must be fully financed and approved by the Capital Delivery Board. They require an initial project proposal and detailed business case unless they meet the criteria of fast track schemes (**see Capital Programme Governance document**).

### **24.17.2 Who approves projects?**

Projects of more than £100,000 but less than £500,000 need approval of cabinet on the recommendation of the Chief Finance Officer in consultation with the Capital Delivery Board. Projects of more than £500,000 require approval of council on the recommendation of cabinet.

### **24.17.3 Project approval report**

The project approval report to the cabinet must include:

- the aim of the project and any other ways of achieving it
- effects on staffing
- legal, contractual and prudential borrowing code implications
- if the council is acting through an agent or partnership, legal advice on whether it has the power to act this way
- if it is a key decision, any comments made during consultation and the council's response
- the estimate amount and timing of any capital and revenue spending, any ongoing effect on revenue, and whether this spending is included in the budget

### **24.17.4 Key decisions**

If project approvals are key decisions, the access to information rules and key decision procedures apply ([see 16](#)).

### **24.18 Capital projects**

Spending is only allowed on capital projects that:

- have project approval
- are in the Capital Programme
- have been through the correct procedure in the contract rules ([see 25](#))

## **24.19 Treasury management**

### **24.19.1 Treasury Management Strategy**

The Chief Finance Officer will produce the treasury management strategy. This will set out the treasury plans for the next year (including any prudential borrowing plans). The strategy will include a list of organisations the council will borrow from and lend to and the maximum individual amounts it will borrow or lend. The treasury management strategy must be scrutinised by Audit Committee prior to submission to Full Council for approval. A mid year and end of year report must also be produced and submitted to Audit Committee for scrutiny prior to submission to Full Council.

### **24.19.2 Day-to-day treasury management**

The Chief Finance Officer is responsible for day-to-day treasury management in liaison with the Treasury Management Board. Treasury management is carried out in accordance with detailed Treasury Management Practices, which are approved by Audit Committee. The Chief Finance Officer will make sure:

- all borrowing and investment complies with the council's treasury management strategy and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management and the Prudential Code
- all borrowing and lending is done in the name of the council
- all securities are held by the appropriate Director or Assistant Director

### **24.19.3 Bank accounts**

Only the Chief Finance Officer can open a bank or building society account on behalf of the council. The Chief Finance Officer is responsible for managing all accounts.

## **24.20 Asset Management**

### **24.20.1 Responsibilities of Chief Finance Officer**

The Chief Finance Officer will:

- recommend the asset management policy and capital strategy to council
- produce guideline for acquiring, managing and disposing of assets
- make sure the council's records include any money from sales
- make sure the council's records do not include the value of any assets that have been disposed of

### **24.20.2 Register of fixed assets**

The Chief Finance Officer will keep a register of all fixed assets worth more than a sum that is decided by the Chief Finance Officer. Assistant Directors must report any acquisitions or disposals so that this can be kept up-to-date. Every year the Chief Finance Officer will check that the assets are still shown at the right value, that they have a suitable asset life and that they have been properly depreciated.

### **24.20.3 Disposing of assets (except land)**

All staff should follow the Chief Finance Officer's instructions on the disposal of surplus or obsolete vehicles, plant, furniture, materials, stocks, stores or other equipment. Arrangements for the disposal of surplus goods, materials, vehicles and equipment should be carried out in the manner most beneficial to the council, making every effort to dispose of surplus or obsolete assets by competitive tender or by public auction. Where the estimated value of the proceeds is at a level determined by the Chief Finance Officer, officers must keep a record of all disposals on inventories or within stock systems, including details of the quantity, items, proceeds and the purchaser. Sale proceeds must be banked and accounted for promptly, and the Chief Finance Officer must be notified of the disposal of any capital assets.

The disposal of computers and other recordable ICT media should be arranged via ISD, who will ensure that all data is properly erased prior to disposal.

#### **24.20.4 Arranging leases**

The Council has employed the services of a leasing advisor to obtain the most favourable terms for its leasing agreements and the advisor should be consulted on all lease proposals. Before entering into any finance or operating lease, or lease rental agreement, or PFI arrangements, Chief Officers must get agreement from the Chief Finance Officer to ensure that the arrangement is financially advantageous to the Council and should take appropriate legal advice from the Head of Legal Services. Staff must keep an inventory of all leased assets and make sure assets are returned at the end of the lease period in accordance with the terms of the arrangement. This inventory must be made available to the Chief Finance Officer for the preparation of the statutory accounts.

#### **24.20.5 Computer systems**

The Assistant Director for Information and Communication Technology has overall responsibility for the council's computer systems. The Assistant Director for Information and Communication Technology is also responsible for making staff aware of their responsibilities relating to the computer systems.

#### **20.20.6 Stocks and Inventories**

The Council holds stocks of various materials for use in service delivery. Every effort should be taken to ensure excessive stocks are not held.

Obsolete stock may be written off subject to the write off limits for debt (see 27.24.3)

#### **20.20.7 Security of Assets**

Officers must ensure that all assets are safeguarded against loss, damage, misuse or any other unnecessary diminution in value so that they continue to be available to provide continuity of efficient service delivery. Similarly, information must also be safeguarded so that service delivery can continue.

#### **20.21 Intellectual property**

Intellectual property is a generic term that includes inventions and written works. Certain creations, particularly computer software, may have a commercial value and be marketable outside the Council.

As a general rule, items of intellectual property which are created by an employee during the normal course of their employment will be the property of the council, not the employee.

Various Acts of Parliament detail the treatment of different types of intellectual property and provide for the patenting of the development work to safeguard it against exploitation.

## **24.22 Risk management**

### **24.22.1 Responsibilities of the Cabinet**

The cabinet will identify key risks and promote risk management in the council. The Chief Executive will report to the cabinet on how risk is being managed.

### **24.22.2 Responsibilities of the Chief Finance Officer**

The Chief Finance Officer will prepare and update the council's risk register and related policies (including anti-fraud and anti-corruption policies). The risk register must be agreed by the cabinet.

### **24.22.3 Responsibilities of Assistant Directors**

Assistant Directors must:

- identify and manage risks in their service areas
- have contingency plans for major risks
- tell the Chief Finance Officer of any risks that could result in losses or claims against the council

## **24.23 Wages, salaries and pensions**

The Chief Finance Officer is responsible for paying all wages and expenses, including councillors' allowances.

Staff costs are the largest item of expenditure for most of the Council's services. It is therefore important that payments to current and former employees are made, accurately, on the due date and in accordance with the individual's conditions of service.

Payments to councillors must be in accordance with the scheme approved by the Council and recorded accurately and promptly; and comply with statutory and other corporate requirements.

Assistant Directors must tell the Head of Human Resources and Organisational Development of any changes to staff pay and any deductions that need to be made.

## **24.24 Ordering and paying for goods and services**

### **24.24.1 Role of Chief Finance Officer**

The Chief Finance Officer will make sure there are proper procedures and controls for ordering and paying for goods and services.

New systems for orders or payments must be agreed by the Chief Finance Officer.

### **24.24.2 Responsibilities of Assistant Directors**

Assistant Directors are responsible for their service areas' orders and payments. They must make sure that officers who order and pay for goods have been properly trained and that responsibilities for ordering and paying for goods are kept separate.

### **24.24.3 Orders**

Orders must normally be in writing. Orders can be given orally in emergencies only and must be confirmed in writing as soon as possible.

Official orders for the purchase of goods or services must be in a standard form approved by the Chief Finance Officer and must be issued for all purchases with the exception of utilities (gas, electricity, water etc), taxis, refunds, grants, periodic payments (such as rent or rates), petty cash purchases, purchasing cards or other exceptions specified by the Chief Finance Officer.

In addition commitments from credit card, purchasing card or internet purchases must only occur through the Council's approved scheme and in accordance with the instructions on that scheme from the Director for Corporate Support.

Official orders must not be raised for any personal or private purchases.

The authorisation profiles agreed by the Chief Finance Officer and fixed within the Purchasing system are as follows:

<u>Purchase Order Authorisation Limits</u>	
Directors	Above £100,000
Assistant Directors	£50,000 to £100,000
Heads of Service/3 <sup>rd</sup> Tier Officers	£5,000 to £50,000
4 <sup>th</sup> Tier Officers and below.*	
Grades H to I	£1000 to £5000
Grades F to G	£0 - £1000

Officers below F Grades will not be able to authorise orders.

\*Any exceptions to these parameters will be subject to approval by the Director of Corporate Support (or his nominated deputy).

The use of e-business, e-commerce, credit / debit or purchasing cards, or other electronic means of purchasing goods or services, must be authorised by the Chief Finance Officer and will be subject to the following limits:

<u>Purchase Card Limits</u>	Maximum transaction limit	Maximum Authorised Card limit
	£	£
Director	1,000	5,000
Head of Service	500	2,500
3rd Tier manager	500	2,500
Head Teacher	500	5,000
Stores Purchase Officer	5,000	50,000
Departmental Nominated Purchase Officer	5,000	10,000
Emergency Planning Officer	10,000	50,000
Senior Officer from Finance Department (for Emergency response purposes)	10,000	50,000

Approval in excess of these limits may be given by Chief Finance Officer in exceptional cases, for example Lodge Cards.

#### **24.24.4 Unusual terms and conditions**

Officers should check with the Head of Legal Services before accepting any unusual terms or conditions.

#### **24.25 Petty cash**

The Assistant Directors will oversee the system of petty cash floats. Floats will only be topped up when a proper claim is made with receipts for all items. The Chief Finance Officer will give detailed guidance on petty cash.

#### **24.26 Income**

##### **24.26.1 Responsibilities of Chief Finance Officer**

The Chief Finance Officer will ensure that systems exist for all income to be identified, collected, receipted and promptly banked.

## **24.26.2 Responsibilities of Assistant Directors**

Assistant Directors must have a proper scheme of delegation for dealing with income and spending in their service area and must make sure it is working. There must be extra controls in service areas that collect cash or cheques. Assistant Directors must ensure that:

- officers are suitably trained
- official receipts are always given
- proper records are kept
- money is banked as soon as possible
- VAT is properly accounted for

Assistant Directors will have effective systems for monitoring income due to their service area. The Chief Finance Officer must be told if income is much less than expected and it cannot be explained.

Assistant Directors must not run their own debtor systems without the agreement of the Chief Finance Officer.

## **24.26.3 Invoices**

The format of invoices must be approved by the Chief Finance Officer. Invoices must make it clear that payment should be made to Plymouth City Council.

## **24.27 Debt**

### **24.27.1 Collecting debt**

The Cabinet will set procedures for managing debt. Officers must:

- make sure invoices are accurate
- send invoices promptly
- act quickly to collect debts
- sort out disputes as quickly as possible

### **24.27.2 Writing off debt**

The rules for writing off debts are as shown in the table below:

Nominated Recovery Officers	Credit less than £5
Nominated Recovery Officers (Grade E and above)	Up to £100
Nominated Officers (Grade H and above)	Up to £500
Heads of Service and other Nominated Officers of Director of Corporate Support's Management Team – Revenues and General Fund Debt	Up to £5,000
School Principal and/or School Governors – schools debt	Up to £5,000
Director for Corporate Support	Up to £50,000
Director for Corporate Support or other Nominated Senior Finance Officer	Unlimited in the case of bankruptcy/liquidation/death/no assets/no trace
Portfolio Holder/Cabinet Member for debt (Revenues and General Fund) and Portfolio Holder for Children's Services (Schools)	All debt over £50,000 unless covered by above exception

### **24.27.3 Cancelling debt**

Debts can be cancelled if they have been raised by mistake. All cancellations over £5,000 must be agreed by the Chief Finance Officer or his nominated Officer.

### **24.28 Payments for Loss, Damage or Personal Injury**

Officers may make ex gratia payments for loss or damage or personal injury up to a maximum of £1,000 to any one payee in any one year following consultation with the council's corporate risk manager and the head of legal services.

### **24.29 Money laundering**

The council has procedures for checking and recording the intentions of the people and organisations it does business with and for reporting suspected money laundering. Officers must not:

- conceal, disguise, convert, transfer or remove anything gained through crime
- tip off a criminal or suspect
- assist money laundering
- pay money to terrorists or suspected terrorists or their organisations.

The maximum amount of cash that may be taken in any one transaction is £9,000.

### **24.30 External Funding**

The Chief Finance Officer will providing specific guidance to Directors and Assistant Directors to enable them to account properly for funding receivable from external sources. This will be contained within the Index.

### **24.31 Work for Third Parties**

The Chief Finance Officer will provide guidance and advice to Directors and Assistant Directors in respect of the financial aspects of third party contracts, contractual arrangements for the provision of services to third parties or external bodies.

### **24.32 Loans and Guarantee arrangements**

Officers must not enter into an arrangement to provide Loan or Guarantee facilities to any third parties without the prior approval of the Chief Finance Officer and Head of Legal Services.

### **24.33 Index of supplementary documents**

#### **24.33.1 The Finance Rules Approved Governance Documents**

Medium Term Financial Strategy  
 Budget Book  
 Statement of Accounts  
 Annual Governance Statement  
 Risk Management Strategy  
 Whistleblowing policy  
 Introduction to Local Government Finance  
 Asset Management Plan and Capital Strategy  
 VAT handbook  
 Plymouth Trading Fair Funding Guide  
 Fair Funding for Schools Scheme  
 Treasury Management Strategy

Annual audit plan  
Anti Fraud and Corruption Policy  
Retention and Disposition Schedule  
Ordering and paying for the purchase of work, supplies and services  
Arrangements for the collection and processing of income and other amount due  
Budget Carry Forward Policy

#### **24.33.2 Draft Documents yet to be Approval by Audit Committee**

Money Laundering Policy  
Capital Programme Governance Document  
External Funding/Grants Protocol  
Income and Credit Management Policy  
Key Controls and Responsibilities

#### **24.33.3 Working Practices available on the Financial Management Web Pages**

These documents are intended to be a detailed working practice but cannot override any requirements contained within the approved Financial Regulations or its Index of linked Policies

Budget Managers' Role Definition  
Procurement and Purchasing Card Arrangements  
Creditors User Guide  
Working Practices for Purchasing and Creditors  
Procedures for Purchasing Goods and Services  
Purchasing Manual  
Bad Debt Write Off Policy  
Debtors Manual  
Financial Management and Budgetary Control Training Guide  
Close Down Guidance and Timetable  
Virement Working Practice  
Journal Transfer Working Practice  
General Ledger Introductory Guide  
Treasury Management Practices

## Appendix

## B

# Capital Programme Governance

## Policy, Procedures & Controls

Please note that these Policies, Procedures & Controls are subject to amendment and alteration. Once an approved document, ratified by the Corporate Management Team and Cabinet, changes to systems, working practices etc will mean that from time to time it will be necessary to make amendments and variations. It is always hoped that these will be in the interests of saving time and improving the efficiency of the overall management of the Capital Programme.

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# Capital Programme Governance

## Policy, Procedures & Controls



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V.103	Draft	Comments by Planning	14.06.10	Joan Chilcott
V1.07	Draft	Addition of Invest to Save and delegations	1.11.10	Joan Chilcott
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V1.10	Final Draft	Comments from SW	15.12.10	Joan Chilcott
V1.11	Final Version	Comments from legal	11.01.11	John London

### Abbreviations:

<b>CMT</b>	Corporate Management Team
<b>CPAF</b>	Capital Programme Approval Form
<b>CDB</b>	Capital Delivery Board
<b>CPBC</b>	Capital Programme Business Case
<b>CPPM</b>	Capital Programme and Projects Manager
<b>DCF</b>	Discounted Cash Flow
<b>DMT</b>	Department Management Team
<b>IPM</b>	Initial Project Mandate
<b>IPP</b>	Initial Project Proposal
<b>LTP</b>	Local Transport Plan
<b>MTFF</b>	Medium Term Financial Forecast
<b>PUD</b>	Project Under Development [List]
<b>SRO</b>	Senior Responsible Officer

### 1.0. Background

1.1. Effective management of the Capital Programme is essential if the Council is to manage its Capital efficiently and ensure that Capital is properly directed towards the key areas that will deliver the Council's services, ensuring value for money and excellent service.

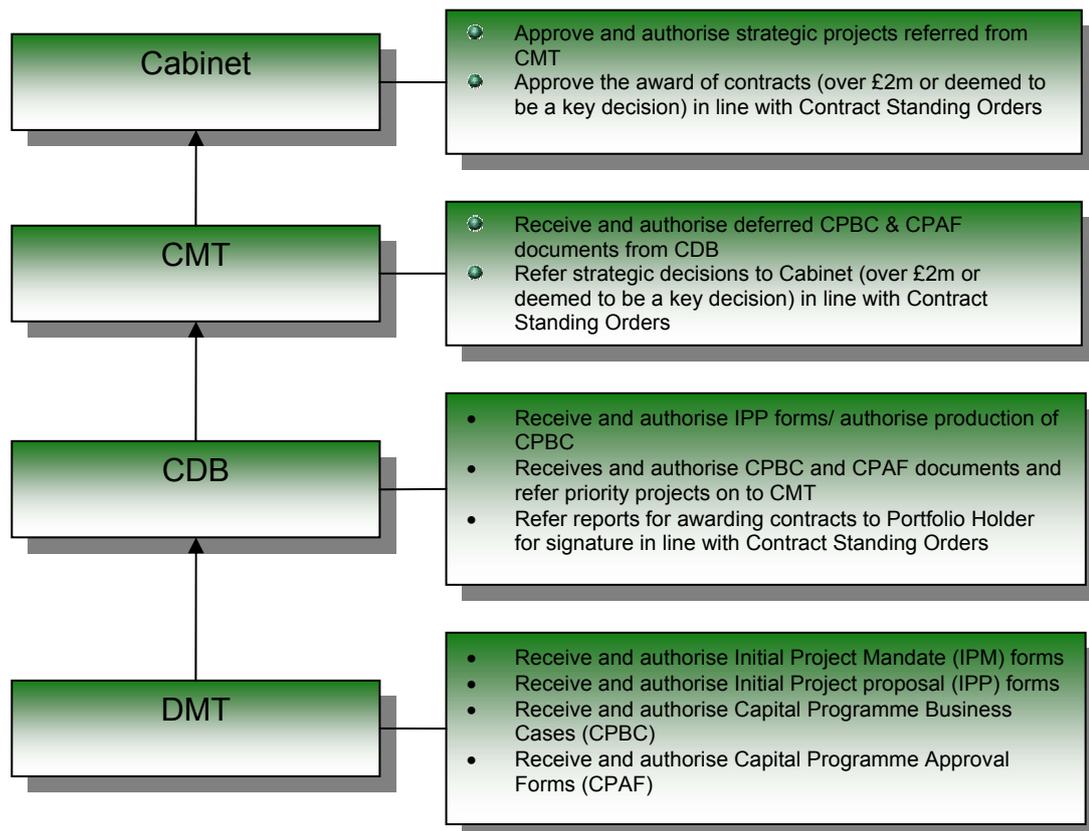
1.2. The key issues identified and which will lead to improved management are:

- Responsibility for data and management of capital programme to rest within the individual respective Directorates, within a corporate framework.
- The ability of the Capital Delivery Board (CDB) to firmly control the incorporation of projects onto the Capital Programme
- A clear and simple procedure for project promotion.
- Capture and recording of accurate data on a regular and timely basis.
- Data presented in a form which can be simply managed and processed by the Capital & Assets Service using Corporate systems as the primary source of information.
- Adherence to the Corporate Project Management Procedures.
- A wider appreciation by Project Managers and Directorates of the implications arising from both good and bad project management.
- Prioritisation: The CDB will undertake to prioritise Projects Under Development (PUD) in accordance with the Councils Statutory Obligations, Corporate Plan, Strategic Policy, Matched Funding and having regard to any Revenue Implications.
- The Capital & Assets Service to provide a Capital Programme management role working in tandem with Finance and supporting individual directorates.
- Improvements to the Financial Management of the Capital Programme using the Corporate systems as the primary source of information. This will be supplemented by generic Spreadsheets for consistent planning, reporting and grant management/maximisation and monthly monitoring via Dashboard Reports.
- Continuous improvement through performance management

## 2.0. Capital Programme Governance

2.1. To ensure effective project promotion and management of Capital schemes the following Board structures are in place.

### Capital Delivery Board Structure



## 3.0. DMT

3.1. The purpose of DMT/Head of Service is to:

- Confirm that each project meets the detailed requirements of the Department and the strategic requirements of Plymouth City Council
- Confirm that the financial implications are understood and supportable
- Receive and authorise Initial Project Mandate (IPM) forms
- Receive and authorise Initial Project Proposal (IPP) forms
- Receive and authorise Capital Programme Business Cases (CPBC)
- Receive and authorise Capital Programme Approval Forms (CPAF)

### 4.0. Capital Delivery Board (CDB)

4.1. The purpose of the Capital Delivery Board is to:

- Ensure the Capital programme delivers the Strategic Objectives, Corporate Improvement Priorities, LAA targets and service delivery targets set by Council
- Take strategic decisions on the Authority's Capital Programme
- Effectively allocate and manage capital resources, in line with the Strategic Objectives
- Monitor and improve performance and accountability of the Council's capital resources
- Evaluate capital funding bids, bids for spend of capital monies associated with planning obligations (including the Plymouth Development Tariff) and other grant funded projects to ensure compliance with Plymouth City Council objectives, legal requirements and appropriate levels of risk
- Approve, refuse or recommend capital schemes
- Refer priority projects to CMT
- Refer reports for award of contract
- Approve a Plymouth Development Tariff Business Plan which identifies a forward plan for allocation of tariff receipts

4.2. The Group will meet monthly, with meetings limited to 2 hours maximum, to review:

- The issues raised by CMT
- Receive reports from services on progress of live projects and those being developed
- Specifically monitor high profile capital projects
- Receive reports on S106, development tariff, grants and disposal (receipts) programmes
- Hold Senior Responsible Owners to account for progress on key programmes and projects and for the management and use of planning obligation and Tariff monies
- Review the risk of the Capital Programmes most vulnerable projects
- Receive reports on the delivery of project objectives via post completion reviews
- Review recommendations for changes to Capital Project and Programme procedures

4.3. The Members of the CDB currently comprise the following:

- Director of Development and Regeneration – Chair
- Assistant Director for Transport
- Assistant Director for Planning Services
- Programme Director for Learning Environments
- Head of Capital and Assets

- Finance Client Manager (Capital & Major Projects)
- Corporate Accountancy & Finance Manager
- Assistant Director for Culture, Sport and Leisure
- PFI Programme Director
- Capital Programme and Projects Manager

4.4. In addition, the Board will regularly:

- Monitor financial performance against budget through Performance Reports and ensure that any necessary corrective action is taken
- Monitor progress on current high priority issues, including the progress of IT roll-out and the delivery of benefits
- Implement decisions taken by CMT and Cabinet
- Approve the minutes of its own meetings and communications which stem from them
- Review the Terms of Reference and membership of the Board as appropriate
- Advise on the strategic priorities for the Plymouth Development Tariff

## 5.0. CMT

5.1. The purpose of CMT is to:

- Ensure the organisation delivers the Strategic Objectives, Corporate Improvement priorities, LAA targets and service delivery targets set by Council
- Takes strategic decisions on the Authority's corporate agenda, including change
- Effectively allocates and manages resources in line with strategic objectives
- Communicates the Authority's purpose, priorities and vision to staff and other stakeholders
- Monitors and improves performance and accountability
- Protects and enhances the Authority's reputation for professionalism, effectiveness, integrity and efficiency
- Holds Senior Responsible Officers to account for progress on Departmental Strategic programmes and projects
- Receives and authorises deferred CPBC and CPAF documents from CDB
- Requests reports from the Capital Delivery Board regarding progress on high priority projects and the capital programme funding profile
- As appropriate, and at least annually, CMT will review its terms of reference

5.2. As this meeting is part of CMT, the membership will be all CMT members plus support from the Finance, Assets and Efficiencies and with reports as agreed.

## 6.0. Cabinet (through the forward plan at least 3 months in advance)

6.1. Cabinet fulfils the following role:

- Receives bi-annual reports of the Capital Programme
- Approve and authorise strategic projects referred from CMT
- Approve the award of contracts (over £2m or deemed to be a key decision)

## 7.0. Capital Delivery Board Meeting Schedule

- 7.1. Departments submit proposals for projects requiring capital funding to a CDB using an Initial Project Proposal (IPP) form. The IPP will require the completion of form which must be submitted to the Capital Programme and Projects Manager not less than 5 working days before the CDB meeting.
- 7.2. The CDB then assesses these proposals to ensure that that new spending is in line with the Council's Corporate Objectives and fully coordinated with proposals from other Departments.
- 7.3. On approval of the IPP, the project is placed on the Project under Development (PUD) list and Departments are authorised to proceed to the next stage, namely Capital Programme Business Case (CPBC) development.
- 7.4. Where a department has identified a need to carry out feasibility studies, approval should be sought at this stage and the Project Manager will need to make specific arrangements with their accountant for funding and a cost code for this specific purpose only. Any such development funding will be funded from within the Department's revenue budget until such a time as the project becomes an approved capital scheme whereby the development costs can be capitalised. If, however, the scheme is rejected at any time up until CPAF approval then the development costs remain within the Department's revenue budget.

### 8.0. The Approval Process

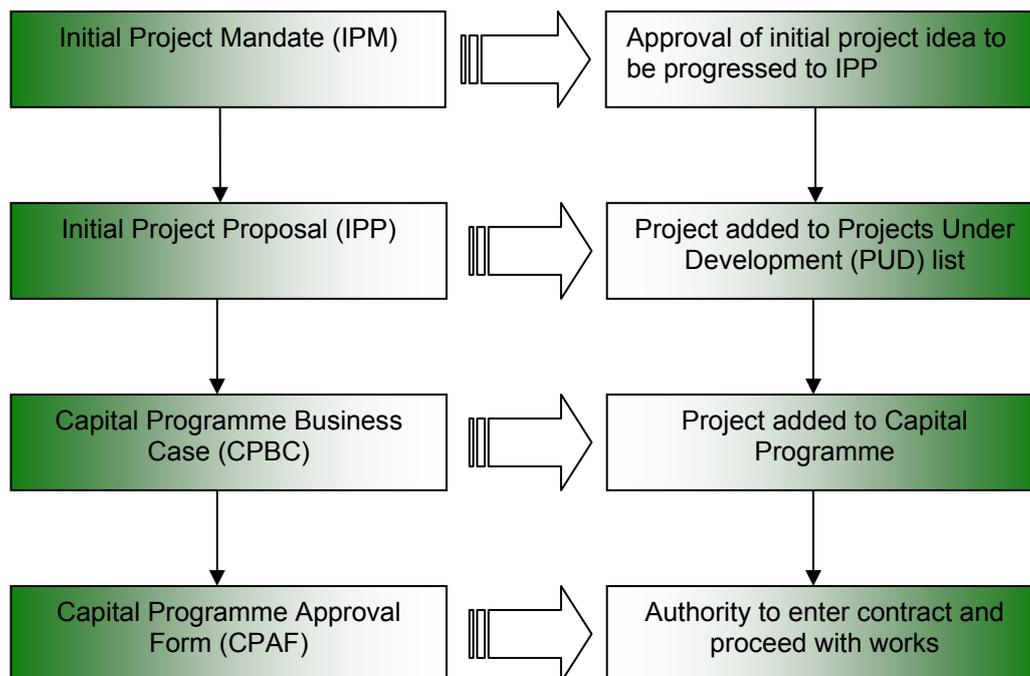
8.1. This section will outline the approval process for bringing Projects onto the Capital Programme and/or making amendments to existing Projects or Block Spending Programmes. This section should be read in conjunction with the standard process flowchart at Appendix A.

8.2. This section deals with the following scenarios:

- New Projects – Standard Process
- New Projects – Fast-track Process
- Third Party Projects
- Block Allocation Projects e.g. LTP, Housing, Children’s Services
- Urgent Process
- Invest to Save Principles

#### 8.3.0. New Projects – Standard Process

8.3.1. The process for bringing forward new projects onto the Capital Programme is outlined below and is presented in visual format and by way of the approval process flowchart attached to these policies and procedures at Appendix A.



- 8.3.2.** These policies and procedures aim to provide clarity as to exactly what is required in order to bring forward new projects onto the Capital Programme.  
(Please note advice on the more detailed Project Management Procedures should be sought from the Capital Programme and Projects Manager or Programme Support Officer.)
- 8.3.3.** Officers should note that in order to improve capital programme management and make best use of resources, details should be submitted for schemes that are likely to commence over the MTFF period, not just schemes for the current or next financial year. This is particularly important for schemes that require future year resource allocation which will be made on a priority basis but subject to fund availability.
- 8.3.4.** All new projects, outside of block allocations (i.e. those not currently listed on the MTFF) will need to complete the process as set out in the approval process flowchart.

#### **8.4.0. Initial Project Mandate (IPM)**

- 8.4.1.** A DMT approved IPM is required for all projects before the project can progress to IPP stage. This approval ensures that the client department has understood a clear strategic need and has produced an IPM that identifies the outlines for the proposed project. Submission of the completed IPM form to the Capital Programme and Projects Manager will then allow a Project Manager to be assigned to the project to help progress the project using the Project Management Procedures.
- 8.4.2.** The IPM template is attached at Appendix D.

#### **8.5.0. Initial Project Proposal (IPP)**

- 8.5.1.** An IPP is required for all projects seeking approval to progress with scheme design and/or feasibility studies with a view to presenting a Capital Programme Business Case at a later stage. Such schemes would be added to the programme, subject to approval by the CDB, as a project under development (PUD). Any approval to fund feasibility studies would initially be treated as stage A – B approval i.e. does not give approval for full scheme commencement, such funding would be treated as revenue until such a time as the scheme achieves a signed off CPBC for the entire scheme and, thus, becomes an approved capital scheme. Full scheme approval will not be made until submission of a Capital Programme Approval Form (CPAF).
- 8.5.2.** An IPP should follow the template attached at Appendix E.

- 8.5.3. The IPP may then be submitted to the CDB for consideration and approval as a PUD. The IPP must be submitted to the Capital Programme and Projects Manager not less than 5 working days before the CDB meeting.
- 8.5.4. The Accountable Project Officer or Senior Responsible Owner (the officer submitting the IPP) may attend the CDB to present their IPP and must attend if specifically requested by the Capital Programme and Projects Manager, on behalf of the CDB.
- 8.5.5. The CDB will have the discretion to recommend or reject the project. If it is recommended that approval be given to add the project as a project under development (PUD), it will be added to the list and the project will be reported to CMT or Cabinet. This is primarily an informing process but CMT clearly have the option to dismiss or ratify the decision of the CDB. Once the decision has been ratified, or otherwise, by CMT the project will be listed as a PUD and the project officer will be informed of the decision by the Capital Programme and Projects Manager.
- 8.5.6. If approved, the Project Manager should then proceed with the submission of a Capital Programme Business Case (CPBC). At no point should a formal report be presented to Portfolio Holder or Cabinet until CDB and CMT approval has been confirmed to the Project Manager.

#### 8.6.0. Capital Programme Business Case (CPBC)

- 8.6.1. All new projects should have a CPBC, regardless of whether or not an IPP has been previously submitted. The CPBC template is attached at Appendix F.
- 8.6.2. The CPBC must be submitted to the Capital Programme and Projects Manager not less than 5 working days before the CDB meeting and must follow the template fully.
- 8.6.3. Inclusion of Discounted Cash Flow (DCF) analysis may be required for high value, complex, multi-year projects if recommended by CDB.
- 8.6.4. In the case of those projects to purchase vehicles/plant/equipment (including computers) where these are to be acquired by borrowing, a funding option appraisal must be undertaken which compares the cost of outright purchase via borrowing to the cost of leasing. The Council's treasury management advisors are able to do this option appraisal. Any proposals should be discussed with the capital accountants in the first instance who can trigger this as required.

- 8.6.5.** The Accountable Project Officer or Senior Responsible Owner (the officer submitting the CPBC) may attend the CDB to present their CPBC and must attend if specifically requested by the Capital Programme and Projects Manager, on behalf of the CDB.
- 8.6.6.** The CDB will have the discretion to recommend or reject the project. If it is recommended that approval be given it will be presented to CMT as part of the capital monitoring process as a 'new scheme for approval'. Schemes may be deferred and added to the PUD list pending clarification or identification of resources in which case the Project Manager will be notified by the Capital Programme and Projects Manager.
- 8.6.7.** CMT will have the option to dismiss or ratify the decision of the CDB. Once the decision has been ratified by CMT the Project Manager will be informed of the decision by the Capital Programme and Projects Manager. The appropriate formal approval will be sought in line with the following guideline for project approvals:

**1. New Capital Schemes** - In year, new capital schemes should be approved in accordance with the following conditions:-

<b>New Schemes</b>	<b>Approval Powers</b>
Up to £100,000	Section 151 officer in consultation with Portfolio Holder for Finance
Above £100,000	Cabinet
Above £500,000	Full Council

All new schemes will be reported within the quarterly budget and performance monitoring report to Cabinet.

**2. Capital Programme Virements** – these should be approved in accordance with the following conditions:- (please see also 10.5.1)

<b>Virement Description</b>	<b>Approval Powers</b>
<b>Within Portfolio</b>	
Between Individual Schemes up to £100,000	Relevant Director in consultation with S151 officer
Between Individual Schemes above £100,000	S151 Officer in consultation with the Capital Delivery Board
Between Individual Schemes above £500,000	Cabinet
Between sub programme categories up to £500,000	Relevant Director in consultation with S151

	officer
Between sub programme categories above £500,000	Cabinet
<b>Between Portfolios</b>	
Less than £100,000	S151 Officer in consultation with the Capital Delivery Board
Above £100,000	Cabinet

3. **Capital Programme Variations** - Where there are variations in contract costs on existing schemes compared with the provision in the Capital Programme and the relevant Director is not able to identify a virement, additional costs will be approved in accordance with the following conditions:-

Existing Scheme Additional Costs	Approval Powers
Up to £25,000	S151 Officer in consultation with the Capital Delivery Board
Over 5% of the original budget and above £25,000	Cabinet
Over 10% of the original budget and above £100,000	Council

Where there are proposed increases to existing approved schemes in the Capital Programme which can be funded from increased ring-fenced funding then scheme increases will be approved in accordance with the following conditions :-

Existing Scheme Additional Costs	Approval Powers
Up to £50,000	S151 Officer in consultation with the Capital Delivery Board
Above £50,000	S151 Officer in consultation with Portfolio Holder for Finance
Above £100,000	Cabinet
Above £500,000	Council

4. The Director for Corporate Support will report to the Executive on the monitoring of the approved Capital Programme, including: expenditure and income to date; projected expenditure and income; approved virements and approved variations.

8.6.8. Reports to the Portfolio Holder or Cabinet must follow normal approval procedures and be approved by:

- Financial Services Department - mandatory
- Legal Services Department - mandatory
- Other Service Departments as applicable to the project

8.6.9. Having obtained approval the project will be ready to become formally detailed as a project on the Capital Programme and to be assigned a capital cost code.

#### 8.7.0. Capital Programme Approval Form (CPAF)

- 8.7.1. The CPAF sets out clearly the basis for the funding of the project and confirms that all funding is formally approved and in place. The CPAF is attached at Appendix G.
- 8.7.2. Where Section 106 monies or development tariff are being used then the CPAF must also be approved by the Assistant Director for Planning Services and be accompanied by a Section 106/tariff certificate duly authorised.
- 8.7.3. Completed CPAF's should be sent to the Capital Programme and Projects Manager for presentation and final sign off by the Director for Corporate Support. Please note Project Managers will be unable to spend any monies against the scheme approval until this form has been submitted.
- 8.7.4. If approved, the CPAF will be signed by the Director for Corporate Support and will then be passed back to the Capital Programme and Projects Manager, copied and sent to the Project Manager and Finance Officer.
- 8.7.5. As with the CPBC's the Capital Programme and Project Manager will advise the Project Manager concerning the decision of the CDB in respect of the CPAF.

#### 8.8.0. New Projects – Fast-track Process

- 8.8.1. An IPP or CPBC will not always be required for new projects which are fully funded and which do not have any adverse revenue implications. However those projects which are fully funded by way of Section 106 contributions will need to be approved by the Assistant Director for Planning Services. Individual Directorates should use their own discretion as to how their case is presented in this instance but, as a minimum; an approved and a signed Section 106 certificate will be required.
- 8.8.2. Projects that are fully funded will nevertheless be required to be reported to the CDB via the capital programme monitoring process. These schemes will require submission of a CPAF once final costs are known, fully signed by Head of Service/Director and Portfolio Member. The CPAF must then be considered by the CDB.
- 8.8.3. In reality there are very few schemes that do not have some form of revenue implications e.g. increased maintenance liabilities in future years, staffing etc. and therefore it is expected that most schemes will follow the standard route.

#### 8.9.0. Third Party Funded Projects

8.9.1. There are several types of third party projects, but essentially this area relates to projects where the Council has applied for an external grant or is using funds to be handed to a third party to deliver the work. With third party projects, the Council has no direct contractual relationship with the developer, owner or builder.

8.9.2. Examples of third party projects are:

- The Council applies for an external grant to be used as a contribution to pay for a specific project being built by a third party with space leased back for Council use. Examples – East End Resource Centre, Efford Library
- The Council applies for a grant as a contribution to/ or as full payment for, a project being built by a third party. It achieves the Council's Corporate priorities but the Council does not occupy any space in the premises. Example – Battery Street hostel, empty homes grant
- The Council disposes of land/premises to a developer in return for new facilities to be built as part of the overall larger development. Example – Plymstock Library
- Section 106 funds or commuted sums being paid to a third party as a contribution to a development being built by a third party. The development achieves the Council's corporate priorities but buildings do not provide space for Council use. Example – North Prospect Housing works
- The Council applies for an external grant to purchase facilities on behalf of a third party the income from its use (by occupiers) being used to fund regeneration activity. Example – Tamar House

8.9.3. Where the Council has applied for and received funding from an external source, it immediately becomes accountable for the obligations contained within the terms and conditions of the grant and for achieving the outcomes set by the grant funder. This includes all clawback conditions should the asset be disposed of by the third party.

8.9.4. In terms of building projects, if there is no direct relationship between the Council and the contractor/developer, additional measures need to be agreed to enable monitoring of activity and achievement of milestones before releasing the funds.

8.9.5. It is important that legal agreements, leases and/or licences are in place to ensure that the Council's requirements are protected.

8.9.6. In some cases, historically due to the urgency of allocations of grant, the sole sources of approval were delegated political decisions which meant that activities were not included within the Capital

Programme (for example the use of s106 and commuted sums). This also had implications on audit trails and recording of finance received and expenditure incurred

8.9.7. Third Party Capital Projects with a requirement for match funding from Plymouth City Council should be presented to the Capital Delivery Board using the relevant Capital Programme forms for approval in line with procedures

8.9.8. Other third party capital grant funded schemes (where the grant accountable body is the Council) should comply with the principles of the Council's proposed grants protocol and reported to the Capital Delivery Board for information using the relevant Capital Programme forms. Schemes will be added to the Capital programme via financial monitoring

#### **8.10.0. Block Allocation Projects e.g. LTP, Children's Services**

8.10.1. Borrowing approvals are normally supplied under block allocations. Treatment of block allocations will vary between changes to current year programme, next financial year budget proposals and indicative allocations for future years.

8.10.2. This concerns Block Programmes for which Council approval has been obtained by way of a single page report plus a spreadsheet for details. A typical Block Project could be the Local Transport Plan which for the purposes of the Capital Programme comprises a detailed list of projects.

8.10.3. Once the block allocation has been advised for the coming financial year, Officers would normally work up detailed scheme proposals and these would be presented for approval as part of the budget setting process, normally December/January. For schemes using these allocations, an 'umbrella' IPP and detailed report should be presented to CDB outlining the schemes planned for the year and how these address Corporate priorities and how it is proposed to address any revenue implications. A CPBC is not required for any of these individual projects forming part of the Block Project. Appropriate amendments will be made to the programme for changes in allocations between actual and indicative amounts. The individual schemes will become the approved programme for the following year. Changes to the block plan including additional projects will require re-submission to the CDB.

#### **8.11.0. Urgent Process**

8.11.1. The Approval Process Flowchart also provides for those new projects which are of an urgent nature to be incorporated onto the Capital Programme without delay. If there is a valid, demonstrable urgent requirement to have a project signed off before the next available CDB, the CPAF and briefing paper should be submitted to the Capital Programme and Projects Manager with all signatures in place (It is

expected that all urgent projects will have already received approval by the relevant DMT and the urgency confirmed). The project will be circulated to the Capital Programme Review Group in the first instance to endorse the urgency and individual members of the CDB and relevant directorates (Legal Services/Finance mandatory) contacted for immediate approval.

8.11.2. Examples of urgent projects are those that if not undertaken quickly will result in a contravention of health and safety regulations or will result in non compliance with other current legislative requirements.

### 8.12.0. Invest to Save Projects

8.12.1. Due to potential revenue pressures in future years, earmarked capital resources will be used to reduce the cost of delivering services and improve the quality and effectiveness of services that will deliver on going savings to the council's revenue budget.

8.12.2. Invest to save capital will be used to support innovative ideas, approaches and projects that are viable.

8.12.3. The projects should be additional to those activities which should be delivered as part of business as usual funded from existing budget.

#### 8.12.4. The following are over arching general principles:

- Funding will be allocated over a maximum of 3 years
- Projects must set out clearly how they aim to meet their objectives and the risks involved
- Any submissions must use the capital programme documentation
- Submissions should contain an implementation plan
- Submissions should identify existing or additional capacity required to deliver the initiative
- Submissions should also include alternative options that have been considered
- Projects should demonstrate the additionality delivered in terms of the extent it would not have proceeded in the same form or timescale without the funding
- Projects should produce an interim evaluation at the mid point of the project
- Projects will be subject to six monthly monitoring back to the capital delivery board
- Projects will be required to produce a thorough evaluation report at completion setting out the achievement of the objectives and the revenue savings being delivered. This should be carried out by someone external to the project.

8.12.6. The following are particular financial requirements of any submission:

- Payback of the original capital investment should be achieved within 8 years of completion of the investment. Priority will be given to those projects delivering earlier payback periods.
- Only projects delivering more than £50,000 per annum revenue savings will be considered
- Projects should deliver permanent revenue savings and revenue budgets will be reduced accordingly
- Projects will be prioritised on the basis of the value of revenue savings being generated, linked to transformation of core services or reduction of the costs of essential back office services
- Projects will also be prioritised by the timing of revenue savings, i.e those delivering immediate or early savings being given higher priority
- The projected payback period will be subject to current interest rate allowance

8.12.7. Options for payback of capital will be considered dependant upon the value of investment, saving produced and budgetary requirements at the time. Examples of potential options are listed below:

- All capital should be paid back before revenue savings are available to the service **OR**
- A % of annual revenue savings should be used to pay back capital invested, the remainder to be used by the service **OR**
- Capital to be repaid equally over an 8 year pay back period

8.12.8. All invest to save projects, either capital or revenue, should be submitted via an IPP approval in line with the capital programme governance procedures. This will be an initial submission to the Capital Delivery Board, and if supported, on to CMT, and Cabinet if appropriate, for approval.

8.12.9. Capital Bids should be submitted between April & September and evaluated initially by the CDB by December, for inclusion in the following years capital programme. However priority submissions and those requiring an immediate decision will be considered outside of this period.

8.12.10. Following approval the project should proceed in line with the Capital Programme Governance and Project management procedures together with the additional requirements for monitoring and evaluation as contained within these principles.

8.12.11. The balance of the Invest to Save fund shall not fall below £5 million and no new schemes will be considered if they result in the balance falling below this level.

## 9.0. Development Funding

- 9.1. To ensure that sufficient funds are available to enable schemes to be fully considered and effectively developed through their inception, an element of funding is to be made available to cover any associated costs.

The source for this development funding will be the respective Department's revenue budget until such a time as the project has an approved CPBC and, as such, becomes a live capital project<sup>1</sup>.

- 9.2. There are two opportunities to consider the requirement for development funding, these are at IPP and CPBC stages. Both the IPP and CPBC standard forms contain a section for the Project Manager to define the amount of development funding that will be utilised to progress the project to the next key stage.

- 9.3. Such development funding is to be used to fund the following:

Development funding approved at IPP:

- Investigations
- Surveys
- Feasibility works
- Professional fees

Development funding approved at CPBC:

- Further scheme development fees
- Design
- Market testing costs
- Early contractor/supplier engagement

- 9.4. The purpose of defining the development costs is to highlight the importance of robust project development. Significant risk reductions can be achieved by undertaking early investigations and designing out issues.

## 10.0. Monitoring of the Capital Programme

- 10.0.1. Each Directorate shall have a clear responsibility and budget for their element of the Capital Programme. It remains a Directorate's responsibility to ensure their element of the Capital Programme is monitored and reported. In particular, each Directorate will then be expected to

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<sup>1</sup> Reference to be made to PCC policy on capitalisation of project costs

manage their own element of the Capital Programme. The appointment of the Project Services Team will support the monitoring process and enable thorough monitoring control.

- 10.0.2.** Monitoring is undertaken on a monthly basis by the appointed Project Manager via the Project Monthly Dashboard Reports (see appendix H) and submitted to the Programme Support Officer in the Project Services Team. The Programme Support Officer will then liaise with the Capital Accountants as required. Project Managers will be expected to liaise with their capital accountant on a regular basis and discuss progress of their capital schemes, outlining financial implications of slippage, reprofiling of schemes. The results of the capital programme monitoring should be reported to DMTs via the budget monitoring report, including the impact on financing. In addition, continuous monitoring of adherence to programme and benefits rationalisation is undertaken by Programme or Project Managers and can be reported to CDB if requested.
- 10.0.3.** Any amendments to the funding profile approved in the CPBC and/or CPAF during pre-contract and post-contract stages must be approved. This approval by CPAF to the CDB (approval delegated down to the Capital and Assets Manager as appropriate) is to be managed by the Project Manager for the scheme and reported to the Finance Officer and to facilitate this, the change management process must be followed<sup>2</sup>.
- 10.0.4.** The departmental capital accountant will be responsible for updating the Corporate Financial monitoring spreadsheets and report to the monthly CDB.

#### **10.1.0. Overspends**

- 10.1.1.** Where schemes are being delivered and are forecast to overspend Project Managers are required to identify alternative funding to meet the overspend, or reduce costs.
- 10.1.2.** Departments are required to explore all avenues for funding, including approving grant funding and department revenue contributions.
- 10.1.3.** Where alternative funding cannot be found a full report outlining the reasons for the overspend will be required to be submitted to CDB who will consider whether additional resources are to be made available by delaying non committed schemes elsewhere in the programme.

#### **10.2.0. Underspends**

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<sup>2</sup> Refer to Plymouth Project Management System Change Control Procedure

- 10.2.1.** Underspends within block approval schemes may be utilised for new schemes in accordance with paragraph 8.10.3
- 10.2.2.** Underspends on schemes outside of the block allocations releasing non ringfenced resources are required to be offered back to the CDB for reallocation. Departments should not use underspends to increase the scope of existing schemes, re-introduce value engineered savings or bring forward new schemes that have not yet been approved by CDB.
- 10.2.3.** Caution must be exercised around grant funded schemes, especially those requiring match funding, to ensure the implications on resources are properly identified. Underspend on grant funded projects due to the approval of eligible expenditure and retrospective claim processes, cannot be used for other schemes.

#### **10.3.0. Removal of Schemes**

- 10.3.1.** This may occur as a result of the need to transfer resources to another area to meet an overspend, funding conditions are no longer being met, costs have risen beyond the original approval and additional funding cannot be secured or as an inability to deliver the programme within existing staffing resources. Such removal of schemes from the capital programme must be reported to the CDB and will subsequently be reported as part of the monthly monitoring process. Summary details will be expected to be included on the monthly monitoring returns from departments' DMT reports.

#### **10.4.0. Slippage/Reprofiling of Schemes**

- 10.4.1.** Project Managers should discuss the financial implications of any slippage or reprofiling of schemes with their Capital Accountant and this should be reflected on Monthly Project Dashboard Reports (see appendix H). Caution should be exercised particularly around schemes that receive grant funding to ensure the terms and conditions of funding are not breached, in particular that completion dates do not fall outside of grant deadlines. Brief details of the reasons for slippage must be supplied for inclusion in the project Monthly Dashboard Reports.
- 10.4.2.** Project Managers should note that in general resources will slip with the schemes. Slippage should not be used to bring forward new proposals, or be used to meet overspends elsewhere in the programme. However this may be relaxed where schemes form part of a block allocation and additional resources are expected in the following year which remain uncommitted. Relevant details will be expected to be reported to DMT's and the CDB as part of the normal monthly monitoring process.

### 10.5.0. Virements within the Programme

- 10.5.1.** Virements within the Capital programme should be approved in accordance with the following table. A report outlining the changes should also be submitted to CMT. Virements may not be used to bring forward new schemes on to the programme outside of block allocations.

Virement Description	Approval Powers
Between Individual Schemes up to £100,000	Relevant Director in consultation with S151 officer
Between Individual Schemes above £100,000	Capital Delivery Board
Between Individual Schemes above £500,000	Cabinet
Between sub programme categories up to £500,000	Relevant Director in consultation with S151 officer
Between sub programme categories above £500,000	Cabinet

### 11.0. Forward Plan

- 11.1.** The Asset Management Plan and Capital Strategy endeavour to address the current and future capital requirements of the Council having particular regard to the Council's Corporate Plan, Local Economic Development Strategy and the Local Investment Plan. Project Managers should identify which projects require approval and need to be listed on the Council's forward plan.

### 12.0. General Conditions Summary

- 12.1.** Each Directorate shall have a clear responsibility and budget for their element of the Capital Programme. It remains a Directorate's responsibility to ensure their element of the Capital Programme is reported via individual Project Monthly Dashboard Reports.

### 13.0. Post Project Review

- 13.1.** Post Project Reviews are undertaken as a corporate requirement so that the organisation as a whole can undertake a process of continuous learning in this complex area. The Project Manager must therefore, make adequate financial provision in their overall project budget for Holding Project Reviews. The Project Manager should also ensure that there is adequate budget to cover any additional procedures peculiar to their project. For example, transport schemes require Stage 3 Safety Audits to be undertaken.

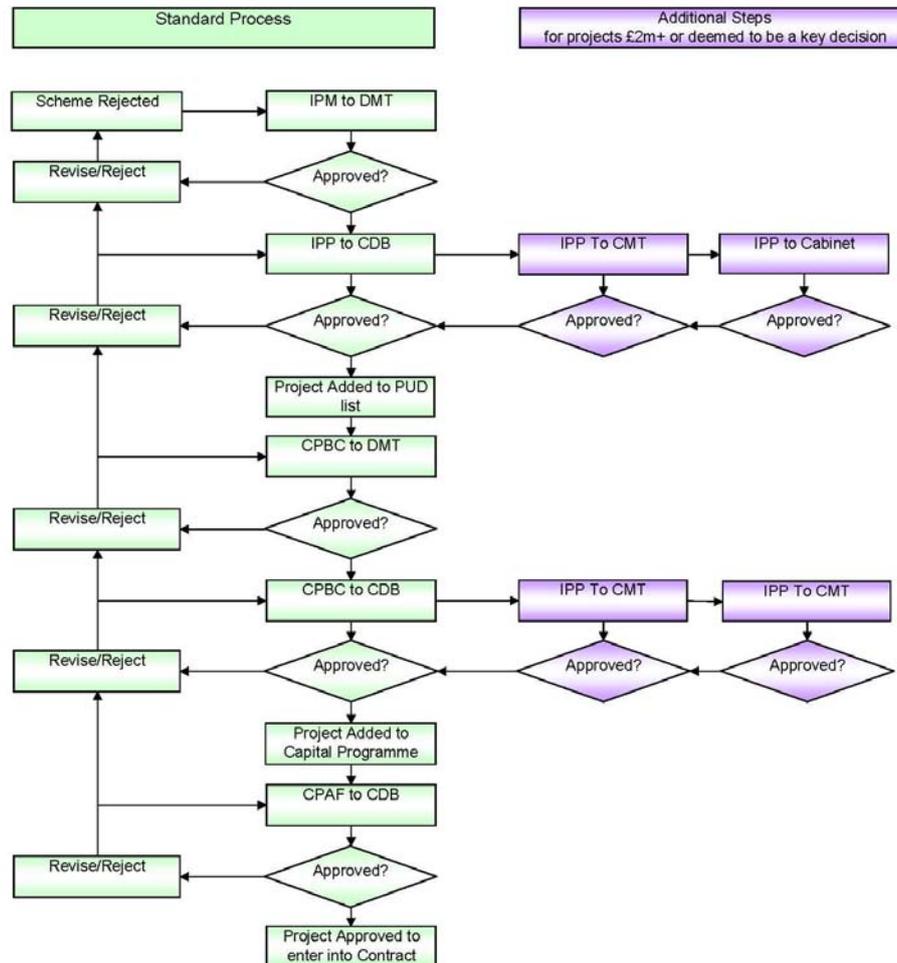
### 14.0. Summary

- 14.1. To summarise, any new project will only become part of the Capital Programme having completed the CPBC in line with the approval process as detailed in Appendix A, or be a substitution for an approved scheme within a block allocation approval in which case a quarterly report is required to be presented to the CDB and CPAF raised. No new cost centre will be allocated until a CPBC has been completed and accepted by the CDB – CMT having final decision.
- 14.2. This document sets out clearly the processes to be undertaken and explains those situations where the approval process can be fast tracked speeded up and/or simplified, particularly in respect of changes to existing approved projects.
- 14.3. The Key Outcomes will be:
- Greater accountability for capital budgets
  - Greater focus on and improved delivery of core/strategic projects
  - Increased transparency and availability of progress data on projects
  - Improved probity in the proper allocation, prioritisation and accounting of funding
  - Greater clarity on project approvals
  - Firmer control on spending
  - Improved efficiency in the use of officer time
  - Improved Financial Management maximising Corporate Financial Systems
- 14.4. Capital Programme Governance and Project Management Procedures should be followed by Project Managers and Officers for all Capital Projects.

### Appendices

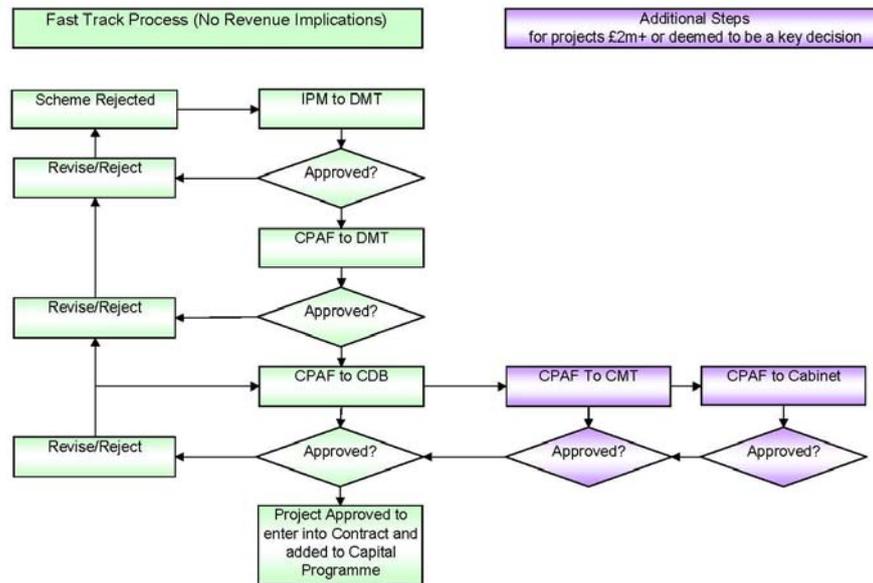
- Appendix A Standard Approval Process Flowchart
- Appendix B Fast Track Process Flowchart
- Appendix C Urgent/Emergency Process Flowchart
- Appendix D Initial Project Mandate (IPM)
- Appendix E Initial Project Proposal (IPP)
- Appendix F Capital Programme Business Case (CPBC)
- Appendix G Capital Programme Approval Form (CPAF)
- Appendix H Project Monthly Dashboard Reports
- Appendix I Capital Delivery Board Terms of Reference

## Appendix A - Standard Approval Process Flowchart



**Key:**  
 CDB - Capital Delivery Board  
 DMT - Department Management Team  
 CMT - Corporate Management Team  
 IPM - Initial Project Mandate  
 IPP - Initial Project Proposal  
 CPBC - Capital Programme Business Case  
 CPAF - Capital Programme Approval Form

## Appendix B - Fast Track Process Flowchart



Key:  
 CDB - Capital Delivery Board  
 DMT - Department Management Team  
 CMT - Corporate Management Team  
 IPM - Initial Project Mandate  
 CPAF - Capital Programme Approval Form

### Appendix C – Urgent/Emergency Process Flowchart



**Key:**  
CDB - Capital Delivery Board  
DMT - Department Management Team  
IPM - Initial Project Mandate  
CPAF - Capital Programme Approval Form

## Appendix D - Initial Project Mandate (IPM)

**Plymouth City Council Project Management System**  
 Initial Project Mandate



### <Project Title> Initial Project Mandate

#### Purpose of this document

The information in the mandate is used to trigger starting up a Project. It should contain sufficient information to identify at least the objectives of the project. The Initial Project Mandate (IPM) will be produced by the Client Department and issued to the Departmental Management Team (DMT) to enable the Department to consider the scheme and it's fit with the Department's and Council's strategic requirements.

Upon receipt of DMT approval the Initial Project Mandate, a Project Brief produced and the Initial Project Proposal (IPP) document can be started. The Initial Project Mandate should be forwarded to the Capital Programme and Projects Manager who will assign a Project Manager to assist with the completion of these documents.

No external fees and only minimal officer time is to be spent on the scheme until such a time as the IPP has been approved and funding to develop the scheme identified and approved by the Capital Delivery Board (CDB), CMT and/or Cabinet.

#### Document History

##### Revision History

Revision date	Author	Summary of Changes	New Version Ref:
01.08.09	Tony Hopwood	First draft	V1.01
01.09.09	John London	Locked form	V1.1

##### Distribution History

Name	Title	Date of Issue	Version

Plymouth City Council Project Management System  
Initial Project Mandate



## 1. PROJECT PARTICULARS

<b>Project Background</b>
<b>Project Objectives</b>
<b>Scope</b>
<b>Assessment of needs<sup>1</sup></b> Compares needs with constraints and available assets and resources.
<b>Optioneering</b> Speculation on options and high level evaluation against needs and values. Includes simple budget estimates.
<b>Programming</b> Assesses time-scale of options and critical factors in meeting the business needs.
<b>Constraints</b>
<b>Reference to Policy</b> Collates corporate policy that may be influential in exploring options and values with respect to issues such as estate, environment, health & safety, IT, human resources etc.
<b>Value Management Report</b> Explores business and stakeholder values. Determines a hierarchy for briefing and testing delivery of optimum solutions.
<b>Development route and funding strategy</b> It is important that the strategy is given the highest priority. The choice of development route and funding will influence design and procurement options which offer varying degrees of control of the design of facilities balanced with the opportunity to transfer risk. Consider OJEU & procurement generally.
<b>Interfaces</b>

<sup>1</sup> Refer also to Statement of Need document

Plymouth City Council Project Management System  
Initial Project Mandate



<b>Quality Exceptions</b>

<b>Portfolio Manager/Project Manager</b>

<b>Customer(s), User(s) other Interested Parties</b> Stakeholders are any external or internal customer, department, function or individual affected by or with an interest in the potential project. Appoint Inception team - log existing and proposed appointees to the team – append Project Directory & Appointment Log.

<b>Contract value<sup>2</sup>:</b>
£                      Indicative/firm*

<b>Project value<sup>2</sup>:</b>
£                      Indicative/firm* including all fees, internal costs and client contingency

2. PROPOSED PROJECT TEAM

Corporate Director

Head of Service

Senior Responsible Officer

Accountable Project Officer

Finance Officer

Comments:

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<sup>2</sup> Refer to Initial Order of Costs



**Plymouth City Council Project Management System**

Initial Project Mandate



**3. DEPARTMENTAL APPROVAL**

Project meets the detailed requirements of the Department and the strategic requirements of the Council, financial implications are understood and supportable:

Signed: Head of Service on behalf of DMT

Date:

Comments:

A manually signed electronic copy of this form is to be retained by the author and copy passed to the Project Manager to be kept in the electronic project file once set up.



## Appendix E - Initial Project Proposal (IPP)

### Plymouth City Council Project Management System

Initial Project Proposal (IPP)



<Project Title>

## Initial Project Proposal (IPP)

### Purpose of this document

The Initial Project Proposal (IPP) document is used to alert the key and significant persons outside of the project related client department of a possible future project and that work is being undertaken to appraise the potential project. Submission of the Initial Project Proposal to Capital Delivery Board and/or CMT/Cabinet enables them to ask questions about the development of the project and to approve/decline its further progress.

### Document History

#### Revision History

Revision date	Author	Summary of Changes	New Version Ref.
09/05/09	Tony Hopwood	Draft for review/comment	V1.02
08/09/09	John London	Locked form	V1.1
04/11/10	John London	Amended City and Council Priorities	V1.03

#### Distribution History

Name	Title	Date of Issue	Version



**Plymouth City Council Project Management System**

Initial Project Proposal (IPP)



<b>1. PROJECT PARTICULARS</b>			
Project title:			
Project no:		Revenue cost centre:	
Programme title:			
Directorate:		Ward:	
Service:			
Project value:		Including all fees and internal costs	
Brief description of project:			
Start Date:		Handover Date:	
		Duration:	
Project Conditions (e.g. specific target dates, funding conditions, statutory requirements etc)			

**Plymouth City Council Project Management System**

Initial Project Proposal (IPP)



**2. CORPORATE STATUS & BENEFITS**

City and Council Priorities	Project affects Priority (Yes/No)	Comments
1 – Delivering Growth	Yes/No	
2 – Raising Aspirations	Yes/No	
3 – Reducing Equalities	Yes/No	
4 – Value for Communities	Yes/No	
Additional Justification & Prioritisation:		

**3. FINANCE**

Cash flow projection (as available given early stage of scheme)												
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
FY09/10									Total:			£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
FY10/11									Total:			£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
FY11/12									Total:			£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
FY12/13									Total:			£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
FY13/14									Total:			£0
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Overall									Total:			£0
<i>Note: Retention will be accrued in the last month of the financial year in which the scheme completes</i>												
Revenue Costs: (Provide details of any ongoing revenue commitment attributable to the scheme)												
Comments:												

Funding Source	Financial Year							Total
	09/10	10/11	11/12	12/13	13/14	Future Years		
Capital Receipt								
Grants <sup>1</sup> , Contributions & S.106/Development Tariff <sup>2</sup>								
Unsupported borrowing								
Supported borrowing								
Revenue <sup>3</sup>								
Other*								
Other*								
Total								

<sup>1</sup> – Provide details below of any time barring on grant funding  
<sup>2</sup> – If S.106/Development tariff funding is required then an approved certificate must be attached to this form complete with planning agreement reference number  
<sup>3</sup> – Confirm status of revenue funding below, provide details of any increase required to the revenue budget.

**Plymouth City Council Project Management System**

Initial Project Proposal (IPP)



<b>Funding Risks:</b>
<b>Comments:</b>
Details of Development Funding required to progress to Capital Programme Business Case (CPBC) <i>(To be underwritten by sponsoring Department's revenue budget and recharged to capital upon approval of Capital Programme Approval Form (CPAF). Include revenue budget the funding is to be sourced from)</i>

**4. PROCUREMENT**

Provide details of the chosen procurement route (Include details of the options considered, the form of contract chosen and justification for this choice)

**5. RISK**

Top 5 Risks:	Mitigation Measures	Comments/cost assumptions
<b>Comments:</b>		

**6. PROJECT TEAM\***

Corporate Director		[External*] Project Manager	
Assistant Director/ Head of Service		[External*] Cost Manager	
Senior Responsible Officer		Procurement Advisor	
Project Manager		Health & Safety Advisor/CDM-C	
Accountable Project Officer/PM			
Finance Officer			
<b>Comments:</b>			

**Plymouth City Council Project Management System**

Initial Project Proposal (IPP)



**7. APPROVALS** (all approvals to be in place prior to submission to CDB)

Funding committed/secured, revenue implications understood and supportable:		Finance Officer	Date:	
Comments:				

Project meets the detailed requirements of the Department and the strategic requirements of Plymouth City Council, financial implications are understood and supportable:		Head of Service	Date:	
Comments:				

**8. CAPITAL DELIVERY BOARD APPROVAL**

Result:	Next steps:			
Approved* (give any conditions below)	Project development approved subject to the conditions stated below and Corporate Director signature			
or;				
Recommend submission for CMT Approval* (give reasons below)	IPP to be submitted to CMT and box 9. (CMT Approval) completed.			
or;				
Recommend submission for Cabinet Approval* (give reasons below)	IPP to be submitted to Cabinet and box 10. (Cabinet Approval) completed.			
or;				
Rejected* (give reasons below)				
Signed:		Capital Programme and Projects Manager	Date:	
Signed:		Capital Delivery Board Representative	Date:	

**9. CMT APPROVAL** (if required)

Result:	Next steps:			
Approved* (give any conditions below)	Project development approved subject to the conditions stated below and authorised CMT representative signature			
or;				
Rejected* (give reasons below)				
Signed:		On behalf of CMT	Date:	



**Plymouth City Council Project Management System**

Initial Project Proposal (IPP)



10. CABINET APPROVAL (if required)			
Result:		Next steps:	
Approved* (give any conditions below)		Project development approved subject to the conditions stated below and authorised Cabinet representative signature	
or;			
Rejected* (give reasons below)			
Signed:		On behalf of Cabinet	Date:

\*Delete/expand as appropriate

Distribution when complete					
Head of Service		Head of Capital & Assets		Accountable Project Officer	
Finance Officer		Capital Programme & Projects Manager			





**Plymouth City Council Project Services Team**

**Capital Programme Business Case (CPBC)**



<b>1. PROJECT PARTICULARS</b>			
Project title:			
Programme title:			
Project no:			
Directorate:		Ward:	
Service:			
Contract value:			
Project value:	Including all fees and internal costs		
Brief description of project:			
<b>2. PROJECT DETAILS</b>			
Strategic fit			
<ul style="list-style-type: none"> <li>⌘ Description of the departmental need and its contribution to the council's strategy</li> </ul>			
Objectives			
<ul style="list-style-type: none"> <li>⌘ Why it is needed now</li> <li>⌘ Key benefits to be realised</li> <li>⌘ Critical success factors and how they will be measured</li> </ul>			
Options appraisal			
<ul style="list-style-type: none"> <li>⌘ High level cost/benefit analysis of (ideally) at least three options for meeting the business need</li> <li>⌘ Include analysis of 'soft' benefits that cannot be quantified in financial terms</li> <li>⌘ Identify preferred option and any trade-offs</li> </ul>			
Affordability (see also section 2. Finance)			
<ul style="list-style-type: none"> <li>⌘ Statement of available funding and estimates of projected whole-life cost of project</li> <li>⌘ Funding Option Appraisal to compare cost of outright purchase versus cost of leasing (discuss with Capital Accountants)</li> <li>⌘ Including departmental costs (where applicable)</li> </ul>			
Achievability			
<ul style="list-style-type: none"> <li>⌘ High level plan for achieving the desired outcome, with key milestones and major dependencies (e.g. interface with other projects)</li> <li>⌘ Outline contingency plans e.g. addressing failure to deliver service on time</li> <li>⌘ Major risks identified and outline plan for addressing them</li> <li>⌘ Provider's plans for the same, as applicable, skills and experience required.</li> </ul>			
Start Date:		Handover Date:	
		Duration:	
Project Conditions (Full particulars – e.g. specific target dates, funding conditions, statutory requirements etc)			
Changes since Initial Project Proposal (IPP) Approval (Identify any changes including programme and cost/funding with details and justification)			



Plymouth City Council Project Services Team

Capital Programme Business Case (CPBC)



3. FINANCE											
Cash flow projection (as available given early stage of scheme)											
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY09/10							Total:				
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
FY10/11							Total:				
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
FY11/12							Total:				
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
FY12/13							Total:				
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
FY13/13							Total:				
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Overall							Total:				
Schemes incorporating unsupported borrowing, Invest to save schemes, schemes in excess of £2m, schemes that last in excess of 2 years and schemes that have complex funding streams and cash flow structures <u>must</u> be supported by a DCF/NPV calculation											
Revenue Costs: (Provide details of any ongoing revenue commitment attributable to the scheme)											
VAT Implications: (Provide details of all VAT implications of the scheme)											
Comments:											
Details of Development Funding required to progress to Capital Programme Approval Form (CPAF) (To be underwritten by sponsoring Department's revenue budget and recharged to capital upon approval of Capital Programme Approval Form (CPAF). Include revenue budget the funding is to be sourced from)											
Previous Development funding request:											
Spend to date:											
New development fund request:											
Total development funding up to CPAF:											

Funding Source	Financial Year						Total
	09/10	10/11	11/12	12/13	13/14	Future Years	
Capital Receipt							
Grants <sup>1</sup> , Contributions & S.106/Development Tariff <sup>2</sup>							
Unsupported borrowing							
Supported borrowing							
Revenue <sup>3</sup>							
Other*							
Other*							
Total							
<sup>1</sup> – Provide details below of any time barring on grant funding <sup>2</sup> – If S.106/Development tariff funding is required then an approved certificate must be attached to this form complete with planning agreement reference number <sup>3</sup> – Confirm status of revenue funding below, provide details of any increase required to the revenue budget.							
Funding Risks:							
Comments:							



# Capital Programme Governance

## Policy, Procedures & Controls



### Plymouth City Council Project Services Team

#### Capital Programme Business Case (CPBC)



Complete: Y/N*		Date:	
Comments:			
Procurement compliant with EU Procurement Law & PCC Standing Financial Orders:		Accountable Project Officer/Project Manager	Date:
Comments:			
Funding committed/secured, revenue implications understood and supportable:		Finance Officer	Date:
Comments:			
Project meets the detailed requirements of the Department and the strategic requirements of Plymouth City Council, financial implications are understood and supportable:		Head of Service	Date:
Comments:			
IPP Approval by CDB/CMT/Cabinet (Give minute no. & date)			

**Plymouth City Council Project Services Team**  
Capital Programme Business Case (CPBC)

8. CAPITAL PROGRAMME BOARD APPROVAL			
Result:		Next steps:	
Approved* (give any conditions below)		Project to be added to the capital programme subject to the conditions stated below and Corporate Director signature.	
or;			
Recommend submission for CMT Approval* (give reasons below)		IPP to be submitted to CMT and box 9. (CMT Approval) completed.	
or;			
Recommend submission for Cabinet Approval* (give reasons below)		CPBC to be submitted to Cabinet and box 10. (Cabinet Approval) completed.	
or;			
Rejected* (give reasons below)			
Signed:		Capital Programme and Projects Manager	Date:
Signed:		Capital Delivery Board Representative	Date:
<b>Approval by CDB enables scheme to be added to capital programme and development funds to be released subject to restrictions/conditions above.</b>			

9. CMT APPROVAL (if required)			
Result:		Next steps:	
Approved* (give any conditions below)		Project to be added to the capital programme subject to the conditions stated below and authorised CMT representative signature	
or;			
Rejected* (give reasons below)			
Signed:		On behalf of CMT	Date:
<b>Approval by Cabinet enables scheme to be added to capital programme and development funds to be released subject to restrictions/conditions above.</b>			



**Plymouth City Council Project Services Team**

**Capital Programme Business Case (CPBC)**



10. CABINET APPROVAL (if required)	
Result:	Next steps:
Approved* (give any conditions below)	Project to be added to the capital programme subject to the conditions stated below and authorised Cabinet representative signature
or;	
Rejected* (give reasons below)	
Signed:	On behalf of Cabinet      Date:
Approval by Cabinet enables scheme to be added to capital programme and development funds to be released subject to restrictions/conditions above.	

\*Delete/expand as appropriate

Distribution when complete			
Head of Service		Capital Programme Director	Accountable Project Officer
Finance Officer			



## Appendix G - Capital Programme Approval Form (CPAF)

### Capital Programme Approval Form (CPAF)



<Project Title>

## Capital Programme Approval Form (CPAF)

### Purpose of this document

The Capital Planning Approval Form is the document that needs to be completed and the relevant approvals obtained before the project can be signed and the Contractor appointed.

### Document History

#### Revision History

Revision date	Author	Summary of Changes	New Version Ref:
08/09/09	John London	Locked form	V1.1

#### Distribution History

Name	Title	Date of Issue	Version

**Plymouth City Council Project Services Team**  
Capital Programme Business Case (CPBC)

<b>1. PROJECT PARTICULARS</b>			
Project title:			
Programme title:			
Project no:			
Directorate:		Ward:	
Service:			
Contract value:			
Project value:	Including all fees and internal costs		
Brief description of project:			
<b>2. PROJECT DETAILS</b>			
Strategic fit			
:: Description of the departmental need and its contribution to the council's strategy			
Objectives			
:: Why it is needed now			
:: Key benefits to be realised			
:: Critical success factors and how they will be measured			
Options appraisal			
:: High level cost/benefit analysis of (ideally) at least three options for meeting the business need			
:: Include analysis of 'soft' benefits that cannot be quantified in financial terms			
:: Identify preferred option and any trade-offs			
Affordability (see also section 2. Finance)			
:: Statement of available funding and estimates of projected whole-life cost of project			
:: Funding Option Appraisal to compare cost of outright purchase versus cost of leasing (discuss with Capital Accountants)			
:: Including departmental costs (where applicable)			
Achievability			
:: High level plan for achieving the desired outcome, with key milestones and major dependencies (e.g. interface with other projects)			
:: Outline contingency plans e.g. addressing failure to deliver service on time			
:: Major risks identified and outline plan for addressing them			
:: Provider's plans for the same, as applicable, skills and experience required.			
Start Date:		Handover Date:	
		Duration:	
Project Conditions (Full particulars – e.g. specific target dates, funding conditions, statutory requirements etc)			
Changes since Initial Project Proposal (IPP) Approval (Identify any changes including programme and cost/funding with details and justification)			

**Capital Programme Approval Form (CPAF)**



Comments:

Funding Source	Financial Year						Total
	09/10	10/11	11/12	12/13	13/14	Future Years	
Capital Receipt							
Grants <sup>1</sup> , Contributions & S.106/Development Tariff <sup>2</sup>							
Unsupported borrowing							
Supported borrowing							
Revenue <sup>3</sup>							
Other <sup>4</sup>							
Other <sup>5</sup>							
<b>Total</b>							

<sup>1</sup> – Provide details below of any time barring on grant funding  
<sup>2</sup> – If S.106/Development tariff funding is required then an approved certificate must be attached to this form complete with planning agreement reference number  
<sup>3</sup> – Confirm status of revenue funding below, provide details of any increase required to the revenue budget.

Funding Risks:
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Comments:
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<b>3. RISK</b>
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Top 5 Risks:	Mitigation Measures	Comments/cost assumptions

Comments:
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**Capital Programme Approval Form (CPAF)**



4. PROJECT TEAM*			
Corporate Director		[External*] Project Manager	
Assistant Director/ Head of Service		[External*] Cost Manager	
Senior Responsible Officer		Procurement Advisor	
Project Manager		Health & Safety Advisor/CDM-C	
Accountable Project Officer			
Finance Officer			
Comments:			

**Capital Programme Approval Form (CPAF)**



<b>5. APPROVALS</b> ( <i>ALL approvals to be in place prior to submission to CDB</i> )			
<b>Project Gateway Progress</b>			
Gateway 2: Complete: Y/N*    Date:		Gateway 3: Complete: Y/N*    Date:	
Comments:			
Procurement compliant with EU Procurement Law & PCC Standing Financial Orders:		Accountable Project Officer/Project Manager	Date:
Comments:			
Funding committed/secured, revenue implications understood and supportable:		Finance Officer	Date:
Comments:			
Project meets the detailed requirements of the Department and the strategic requirements of Plymouth City Council, financial implications are understood and supportable:		Head of Service on behalf of DMT	Date:
Comments:			
IPP Approval by CDB/CMT/Cabinet (Give minute no. & date)			
Business Case Approval by CDB/CMT/Cabinet (Give minute no. & date)			

**Capital Programme Approval Form (CPAF)**



6. CAPITAL DELIVERY BOARD APPROVAL	
Result:	Next steps:
Approved (Give any conditions below)	Project commencement approved subject to the conditions stated below and Corporate Director signature
And/or;	
Recommended submission for Portfolio Holder for contract award approval	Project commencement approved subject to the conditions stated below but will require submission for Portfolio Holder approval using the required paper
And/or;	
Recommend submission for CMT Approval (give reasons below)	CPAF to be submitted to CMT and box 7. <i>(CMT Approval)</i> completed.
or;	
Recommended submission for Cabinet Approval (give reasons below)	CPAF to be submitted to Cabinet and box 8. <i>(Cabinet Approval)</i> completed.
or;	
Rejected* (give reasons below)	
Signed:	Date:

7. CMT APPROVAL (if required)	
Result:	Next steps:
Approved* (give any conditions below)	Project commencement approved subject to the conditions stated below and authorised CMT representative signature
or;	
Rejected* (give reasons below)	
Signed:	On behalf of CMT
	Date:

8. CABINET APPROVAL (if required)	
Result:	Next steps:
Approved* (give any conditions below)	Project commencement approved subject to the conditions stated below and authorised Cabinet representative signature
or;	
Rejected* (give reasons below)	



**Capital Programme Approval Form (CPAF)**



Signed:		On behalf of Cabinet	Date:

\*Delete/expand as appropriate

Distribution when complete					
Head of Service		Head of Capital & Assets		Accountable Project Officer	
Finance Officer		Capital Programme & Projects Manager			

## Appendix H – Project Monthly Dashboard Reports

**Project Services Team Monthly Reporting - Project Dashboard Report** Date of Report: 14th October 2009

Project Reference: Project Title: Client Department: Portfolio Manager: Project Manager:	Finance Officer: Consultants: Contractors: Brief Description of Project:	Portfolio Manager Status: Reasons if status not Green:
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**Programme**

**Actions in Next Month**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12

**Quality**

No issues

- 1
- 2
- 3
- 4
- 5

**Key Decisions Required**

- 1
- 2
- 3
- 4
- 5

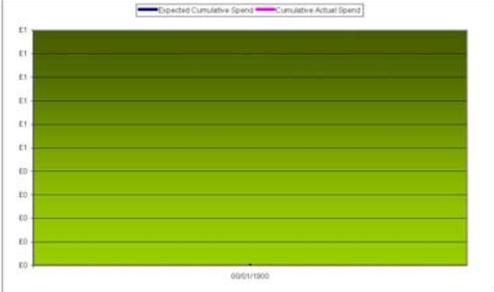
**Key Issues**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12

**Risk (Top 5 Active only)**

Risk Number	Title/Description	Cause	Consequences	Risk Owner	Category	Probability (1-5)	Severity (1-5)	Risk Rating	Actions Planned

**Spend Profile & Cost Analysis**



Current Project Funding: £  
 Committed (in contract): £  
 Spend To Date: £  
 Current Forecast Cost: £  
 Original Cost Amount: £  
 Changes Since Original Cost Amount: £  
 Contingency Amount: £  
 Contingency Spent: £

## Appendix I – Capital Delivery Board Terms of Reference

The role of the Board is to provide decisions or recommendations for the use of Capital resources in delivering the policies and services decided by Council.

The Board fulfils that role by:

- Ensuring the Capital Programme delivers the Strategic Objectives, Corporate Improvement Priorities, LAA targets and service delivery targets set by Council;
- Taking strategic decisions on the Authority's Capital Programme.
- Effectively allocating and managing capital resources, in line with the Strategic Objectives;
- Monitoring and improving performance and accountability of the Councils capital resources;
- Evaluating capital funding bids and other grant funded projects to ensure compliance with Plymouth City Council objectives and appropriate levels of risk.
- Approval, refusal or recommendations of capital schemes

The Board will meet monthly, with meetings limited to 2 hours maximum, to review;

- The issues raised by the CIPB;
- Receive reports from services on progress of live projects and those being developed;
- Specifically monitor high profile capital projects;
- Receive reports on S106, tariff, grants and disposal (Receipts) programmes.

And also:

- Hold senior responsible owners to account for progress on key programmes and projects;
- Review the risk of the Capital Programme's most vulnerable Projects;
- Receive reports on the delivery of project objectives via post completion reviews;
- Review recommendations for changes to Capital Programme Governance and Project Management procedures.

Membership:

- Anthony Payne (Director of Development) – Chair
- Clive Perkin
- Paul Barnard
- Gareth Simmons/Les Allen
- Chris Trevitt
- Chris Randall/Malcolm Coe/Sandra Wilson (2 from 3)

# Capital Programme Governance

## Policy, Procedures & Controls



- James Coulton/Tony Hopwood
- Joan Chilcott

In addition, the Board will regularly:

- Monitor financial performance against budget through Performance Reports and ensure that any necessary corrective action is taken;
- Monitor progress on current high priority issues, including the progress of IT roll-out and the delivery of benefits;
- Implement decisions taken by the CIPB;
- Approve the minutes of its own meetings, and communications which stem from them;
- Review the Terms of Reference and membership of the board as appropriate and at least annually.